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# ***Daily Report***

## ***Supplement***

# **East Europe**

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# East Europe SUPPLEMENT

JPRS-EER-93-046-S

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26 May 1993

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**\* Concerns, Goals of World Federation of Hungarians**

93CH0609D Bratislava SZABAD UJSAG in Hungarian  
24 Apr 93 p 10

[Interview with Laszlo Dobos, vice president of the World Federation of Hungarians, by "ferenczi," in Budapest on the weekend of 17-18 April: "Memorandum on Behalf of the Ethnic Hungarians in Vojvodina"]

[Text] *The organs of the World Federation of Hungarians, its Executive, regions, and Committee, met in Budapest last weekend. We interviewed Laszlo Dobos, the Federation's vice president, about "The World Federation Weekend."*

["ferenczi"] To my knowledge, issues affecting all Hungarians, as well as the specific problems of ethnic Hungarians in the individual countries are considered at sessions of the World Federation of Hungarians.

[Dobos] The agenda can be divided into several main groups of items. The first such group was the shaping and further development of the internal organization of the World Federation of Hungarians. Building the World Federation by regions is now in progress. Which means that the Carpathian Basin Region and Secretariat of the World Federation of Hungarians have been created. In the same manner, a secretariat has been created also for the Hungarian diaspora living in the West. The organizational structure follows the division of Hungarians in accordance with where they live (Hungary, the Danube Basin, and the Western diaspora). The scope of authority, area of activity, and planned tasks of each region's secretariat can thus be circumscribed. Consequently, institutionalization is proceeding centrally on the one hand, and on the basis of the three secretariats on the other hand. Which means that every region has its own internal central organ. In the West, councils of the World Federation of Hungarians are being established by continents.

["ferenczi"] Why is this type of organizational structure important? And what is the significance, if any, of institutionalization?

[Dobos] An internal organizational structure is necessary partially for perspicuity, and partially for our ability to function. We are interested primarily in the functioning and work of the Carpathian Basin Region. Its secretariat is already operating; its specialized rapporteurs are monitoring developments in Slovakia, Subcarpathia [Ukraine's Transcarpathia], Transylvania, and the Vajdasag [Vojvodina] respectively. The creation of an information system is the reason, essence and purpose of this secretariat's operation, and of developing this organizational structure. The first very important step is the mapping of the social and intellectual assets of the Hungarians living in the Carpathian Basin. We are determined to record the situation of the Hungarians in the world, to survey their conditions and catalog their [social and intellectual] assets, because that is the only way an authoritative and reliable information system can be set up. We will catalog by countries every social and intellectual institution: the

organizations, associations, publishing houses for periodicals or books, the newspapers, editorial offices, museums, libraries, congregations, schools and historical monuments—in short, everything that appears as an institution in cultural or intellectual life. We will use these data to compile a summary map. Although that will involve a huge amount of work, the map will be immensely useful when completed. For the map will show the name, address and telephone number of every Hungarian social organization in the Carpathian Basin. At the same time, the map will be readily understandable, concise, and available to everyone.

Another part of developing the information system will be the compilation of a calendar of cultural events in the Carpathian Basin. The calendar will appear approximately in the second half of this year. It will contain the events in the publishing of books and periodicals, the premieres of theaters, the exhibitions staged by museums, and occasionally even the weekly programs of the establishments. Naturally, the information system's center will be the Central Secretariat of the World Federation of Hungarians, in Budapest.

["ferenczi"] Setting up the information system will be a gigantic undertaking. I assume that it will be up to you to gather the data on Slovakia. Who will be helping you in this work?

[Dobos] As I have mentioned, our secretariat is already operating. It has rapporteurs and specialists for each country, and also a suitable clerical staff. We also have a plan to set up in each country, and hence also in Slovakia, a council of the World Federation of Hungarians. The formation of councils will be proposed by the appropriate members of the Executive and of the Committee. The secretary of each council will gather the data for the given country. Thus, the World Federation of Hungarians has embarked on a project unprecedented in Hungarian history: to gather information about one another and about the Hungarians throughout the world.

["ferenczi"] The Committee had some very important items on its agenda. For instance, what resolutions has the Committee adopted in conjunction with the approaching 1100th anniversary of Arpad's conquest of Hungary?

[Dobos] In the spirit of the anniversary, the Committee of the World Federation of Hungarians has approved a statement that also serves as an invitation. We have appointed an organizing committee to organize the worldwide celebrations commemorating the anniversary of the conquest. In conjunction with this I must say that our program is not directed against anyone. It is entirely the product of our own organization and arrangement, also on the social and intellectual levels.

["ferenczi"] Another main problem was the situation of the ethnic Hungarians in the Delvidek [southern Hungary before 1920, then annexed to Yugoslavia]

[Dobos] The Committee of the World Federation of Hungarians has put together an aid program, because at present the situation of the ethnic Hungarians in the Delvidek is the most serious. The aid program will apply to Croatia,

the Vajdasag, and wherever else it will be needed. The scope of collection and donation is not circumscribed. Therefore it is possible to donate money, goods, agricultural implements, books, medical equipment—anything and everything that the ethnic Hungarians in the Delvidek lack.

The aid program covers also the refugee camps in Hungary. Besides ethnic Hungarians, for instance, also Muslims, Serbs and Bosnians will be receiving aid—in other words, all refugees forced to flee because of the war.

The Committee intends to present to the United Nations a memorandum on the situation in Yugoslavia, with special attention to the occurrences and events afflicting the ethnic Hungarians.

["ferenczi"] What other important matters were discussed during the Sunday session?

[Dobos] In conjunction with the 1994 parliamentary elections in Hungary, there was extensive debate on the

participation of Hungarians living abroad. Our concept calls for letting every former Hungarian citizen vote, at a designated polling place in his country, if the former citizen has applied for citizenship and has obtained a certificate of citizenship, through a Hungarian diplomatic mission.

Furthermore, a comprehensive program was proposed to organizing the world's Hungarians economically, by creating various forms of business association.

The World Federation of Hungarians has reached the point where various organizations have been or are being formed under its auspices. These include the Native Language Conference. A Medical Society is about to be formed. Societies of Large Families are being established in the neighboring countries. And a World Federation of Hungarian Painters and Sculptors is being organized.

["ferenczi"] Wishing you further success in your fruitful work, I thank you for this interview.

**\* Klaus on Issues in Relations With EC, Slovakia**  
93CH0612A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 29 Apr 39 p 3

[Article by Berthold Kohler: "The Days of Poetry Have Been Followed by Times of Prose—Czech Head of Government Klaus Deplores the EC's Exclusionary Policy"]

[Text] Prague, 28 Apr—In the eyes of the East, the West loses a little of its magic every day; in some places it has already lost all of it. The Central and East European reform countries' expectations generated by the West Europeans' declarations about cooperation and "assistance through trade" have by now been superseded by the sobering insight that for their "friends" in Paris, London, and Bonn charity begins at home. The rulers in Prague, Bratislava, Budapest, and Warsaw complain mainly about the fact that the EC is barring their access to its markets—which they consider one of the prerequisites for their own reforms. Trade policies practiced in Brussels, they say, are more or less the same as they were during the Cold War period. As the most recent example they cite the embargo on dairy and meat products from Central and Eastern Europe, for which the EC cites the danger of contamination as justification. This embargo constitutes "a great frustration for us all," says Czech Prime Minister Vaclav Klaus, who, however, has much greater worries than beef and pork.

Being a well-trained economist, he can spot protectionist reactions wherever the Central and East Europeans are capable of competing. "Just as soon as we succeed in exporting something, the West reacts to it with increased tariffs, quotas, and restrictions. That is really very negative." But, asks Klaus, where should we export if not to the West, and what, if not developed products? The markets in the East, he says, are dead. People there cannot afford to buy anything. In an interview with this paper, the Czech prime minister says that he recognizes certain vested interests in the West which advocate protectionist policies. He cannot understand why the politicians offer so little resistance to the demands of individual groups of lobbyists. Protectionism, he adds, has a much greater impact on the Czech Republic than have the direct effects of the recession in the West. Klaus does not expect any great benefits from liberalizing trade as a result of associate membership in the EC, which is presently being negotiated.

For all that, Klaus does not feel that the West's exclusionary policy will lead to closer ties between the Central Europeans. The Prague-born leader expresses his usual skepticism about the Visegrad Group, the informal regional "alliance" between Poland, Hungary, the Czech Republic, and Slovakia. These are four countries, he says, which have some common interests, but also some diametrically opposite ones. There would always be cooperation among them, but "never any more" than that. Any discussion about institutionalizing this cooperation he regards therefore to be "artificial" and "mere rhetoric."

Klaus has a pragmatic attitude toward the country in this group which is closest to the Czechs—Slovakia. It is now, "unfortunately," a foreign country. It may therefore for him be "a bit of luxury" to keep track of the fine points of Slovak domestic policy. Klaus, who as the former Czechoslovak finance minister made key contributions to the economic reforms in both republics, ascribes the difference between their respective economic development since the separation to several causes. He considers the industrial structure in Slovakia to be worse than that in Bohemia and Moravia. Even during the era of their confederation, reforms had progressed less strongly and more slowly in Bratislava than they had in Prague. In addition, Slovak economic policy now has very little maneuvering latitude. "They did not know, or did not want to know how important it was to collaborate with the Czech Republic, how great the advantages were for Slovakia, how much money flowed into Slovakia every year from the federal budget."

Klaus does not ascribe great impact to the arguments with Slovakia over the still unsettled property questions. That, he says, is just "a fact of life" and does not impede reforms in Bohemia and Moravia. The major part of the federal property had been split up before the separation, and what is left are "relatively unimportant items." Klaus also considers as "overly dramatic" the excitement about Slovak securities, which Prague wants to use as a pawn to force an agreement on Bratislava. Slovakia, he says, must admit to its debt arising from splitting up the Czechoslovak State Bank, amounting to some 25 million korunas, even if it is unable to pay it off today. It is another matter, he says, "who pays what, when, and how"; but this could be worked out.

Klaus, 51, admits to still favoring the "super null variant." "As the last possible solution" to the property disagreement, Prague's head of government had proposed to the Slovaks to "put an end to it" and mutually to refrain from making any demands upon each other. "Unfortunately, our coalition partners and the opposition were unable to accept this," says Klaus. The search continues therefore for a "standard solution." However, he believes that the "dynamic questions" of Czech-Slovak negotiations about orders of magnitude are more important than such problems as how to divide up the limousines formerly belonging to the federal Foreign Ministry. The slowdown in Czech-Slovak trade just cannot be reversed. The reason for this lies in technical complications, but also payment difficulties and the dwindling demand in Slovakia. The Slovak domestic trade deficit had previously been covered indirectly by the federal budget. This does not happen any more.

As an example of opposing interests between Prague and Bratislava, Klaus cites the policy on refugees. Unlike the Czech Republic, Slovakia is not contiguous to Germany. Prague, he says, is unable to conclude an agreement with Bonn about the treatment of asylumseekers, until it comes to some agreement with Slovakia first. However, discussions with Bratislava in this matter are difficult. What is needed is an "institution which would normally be called a

border" with Slovakia, if for no other reason than to control indirect customs duties on merchandise. To think that a border between the two countries was unnecessary was strictly "preseparation poetry. In the prosaic days following the event we realized that this just was not possible."

Klaus, the recipient of many Western decorations for his services as a constitutional politician, is optimistic about the progress of economic reform in the Czech Republic. He thinks it is difficult to evaluate the effects of the recently enacted bankruptcy law on the Czech economy. He thinks it is "possible" that a doubling of the unemployment rate (currently less than 3 percent), as predicted by analysts, will come about; in view of its low percentage, an increase is tolerable. Nor does Klaus feel any cause for alarm over the breakdown of several planned joint ventures by Czech enterprises with major foreign investors, among them Siemens and Mercedes-Benz. Some negotiations were successful, and some just were not. The Czech Republic welcomes foreign investments, but can survive at the present level. There will "certainly never" be any greater incentives, such as lower tax rates, for foreign enterprises than for domestic ones. With characteristic self-confidence, Klaus says that "the best opportunities for investors are our political and economic stability, the lowest inflation rate in the postcommunist world, and a balanced budget."

Regarding the main subject of contention in German-Czech relations, the question of the exiled Sudeten Germans, the Czech head of government indicates that he understands the Sudeten Germans are interested in making a new start with the Czechs. He considers it legitimate that efforts be made to bring this about. "But when I talk about a new beginning, I want to indicate clearly that this is not a question of returning to the past. The question is the acceptance of the status quo." On that basis, he declares himself ready to search for a new start. This basic background also applies to a paper, which talks about a "goodwill gesture toward Germany." Klaus states that one must not extract sentences out of the context of a 20-page discussion paper and analyze them. What then would a "new beginning" consist of? That, says Klaus, is a big task. "It would have to be approached without headlines."

#### \* Chances of Czech EC Membership Weighed

93CH0643A Prague LIDOVE NOVINY in Czech 6  
May 93 p 9

[Article by Petr Janyska, in Strasbourg: "The Gate to the Council of Europe Is Partially Open; Membership in the Council of Europe Is an Identity Card That Attests to the Fact That the State in Question Is a Democracy of the West European Type"]

[Text] Tomorrow, Friday [7 May], Foreign Minister Josef Zieleniec is scheduled to visit the Council of Europe in the French city of Strasbourg. What is the background for his trip? The haste with which the decision to travel was made

cannot but be seen in conjunction with the long-since-announced visit by Slovak Minister Moravcik for Thursday—in other words, one day earlier (at least in the opinion of those working at the Strasbourg secretariat). Of course, there is even a deeper reason than the rivalry: It is that the initial notion that both states would assume seats which were still warm from their federal predecessors turned out to be wishful thinking. The originally anticipated timing for February has turned into May, May has given way to June, and it is possible that it may happen in October or possibly even next year; there is a need to persuade and to explain.

Although the highest-ranking representatives of the apparatus of the Council of Europe (CE) all make soothing noises in private indicating that no significant obstacles stand in the way of our membership, there nevertheless are: In the headquarters of the Council on the Avenue de l'Europe, Poland, Hungary, and Bulgaria already have their permanent representatives. Next week, Latvia, Estonia, and Slovenia will be accepted, while we only have a sort of liaison office here, a tucked-away office without a nameplate on the door. We can rejoice over the status of a "special guest" without the right to vote, much like, say, Albania, Ukraine, Belarus, or Moldova.... It is in our interest not to be the last to be accepted for membership, all the more so since in October the very first summit of the Council of Europe will be held and will be making decisions regarding its new image and geographic limitations. It would be vexing for the Czech Republic to be excluded from this joint decisionmaking (as one of the few countries of the continent).

What is our interest in membership in this institution? In regard to the new postcommunist candidates, this oldest organ of a uniting Europe functions as a sort of first filter, as a "decontamination chamber" (the term used by Jacques Rupnik) on the way to other European institutions. Formally, it is not necessary to be accepted for membership by the Council of Europe while applying for membership in the EC, but practically and politically this is the case (all countries of the Twelve are members of the Council). Membership in the Council of Europe happens to be a sort of identity card for the international community which attests to the fact that the state involved is a democracy of the West European type: that it demonstrates conditions of a pluralistic democracy, that it abides by legal standards in every respect, that it adheres to the principles of human rights.... A state outside of the Council would create the impression that it is lacking these characteristics.

Why then has membership eluded us thus far? For political reasons—primarily, however, for technical reasons and procedural reasons. The Council of Europe is a complicated institution in which lawyers interact with politicians. It consists, on the one hand, of a parliamentary assembly of some delegates of member countries which meets twice each year and, on the other hand, of the Committee of



Foreign Ministers, represented in Strasbourg by permanent ambassadors, and has a secretariat employing thousands of individuals from many nations. And even the acceptance procedure reflects the widespread structure of this institution.

We submitted our application for membership on 1 January 1993, as did Slovakia. The document travels from the secretary general, Mrs. Lalumier, to the Committee of Foreign Ministers, which asks the parliamentary assembly to take a position and the assembly turns to its three commissions—the political, the legal, and the commission for nonmember countries—for an opinion. The commission visits the applicant country, works up a report, and it is only on the basis of this report that the delegates of the member countries make a decision regarding acceptance of the new country. This then generally occurs in a formal manner at the meeting of the Committee of Ministers, which takes place twice each year and meanwhile it is customary for the minister of the candidate country to travel to Strasbourg for purposes of a “political dialogue”—in other words, to defend the substance of his country.

Why this detailed description (it continues to be schematic in comparison with actual facts)? So that it might be clearer to see the kind of delicate and sensitive fabric such an international institution represents, to clarify how complicated and discontinuous the functioning of its mechanism is. A single question or objection raised by the delegates and the proceedings are deferred for additional months; if one deadline is not met, the matter must be put off by several weeks until the next deadline. Such is the game of democracy. Naive notions regarding the omnipotent influence of some few individuals or regarding the formal nature of the decisions have no place here. The council which oversees legal purity can itself only proceed by the most regulation-bound method. The complicated procedure requires time, and the individual caprices of the delegates also play their role.

So, how do we stand today? In March, reporting commissions visited the Czech Republic; the report is already completed. This 12-page nonpublic document “recommends to the assembly a favorable resolution of the application of the Czech Republic for membership,” because we are fulfilling the “basic conditions for membership in the Council of Europe.”

In the same breath, however, it states that the Czech institutional system “continues to have empty places,” that the Romany people have a “highly disadvantageous social situation,” that they are “most strongly impacted by unemployment,” that they have a “worse health status,” and that they were “victims of racist attacks as well as administrative measures at the local level.” The report also mentions the lustration law and states that its adoption by the Federal Assembly was “highly controversial” and that the Czechoslovak trade unions filed a grievance in this regard with the International Labor Organization. The report also speaks of property restitution which excluded “many individuals,” particularly “members of the Jewish

community whose property was confiscated by the Nazis” as well as “those who emigrated after 1968.”

Could these be reasons which might block our membership? According to one of the highest-ranking officials of the Council of Europe, political director Hans Peter Furer, this is not the case because even though the lustration law continues to be “problematic” and does not “satisfy” the Council, a certain “unsatisfactory status,” however, does exist even in the member countries of the Council of Europe. Of course, it is not out of the question that some delegates may demand additional clarification. According to some sources, Prague must also be prepared for the speech by Liechtenstein and its demands for compensation for property confiscated in our country. But even these factors should not be blocking our membership.

Why then can we not move off the waiting list? Many Council of Europe delegates, primarily the British, believed after the disintegration of the Czechoslovak Federation that both new republics should be accepted for membership simultaneously. Because of some kind of psychological stereotype (“the division of the CSFR was not fully understood here,” explained one employee of the secretariat, “the paradox lies in the fact that it was nonviolent and therefore was not adequately perceived here”), and also because if one of the republics were accepted for membership sooner than the other, it might block the membership of the other. However, it is possible to hear the following argumentation in Strasbourg today: The Baltic countries will also now not be accepted en bloc (Lithuania will still remain outside), then why not make the same difference between the Czech Republic and the Slovak Republic?

The mental connection with Slovakia is not overly favorable to us because, according to H.P. Furer, that country is still showing “weak places” in view of its “difficult situation.”

In March, the parliamentarians of the Council of Europe decided in Malta and without listing any official reasons to defer the processing of the applications of both of our republics indefinitely, despite the fact that, as far as the Czech Republic was concerned, in the words of one of the participants, there was “absolute calm along the path” and that reports have already been worked out on both of our countries. The report on Slovakia was allegedly “sewn with a hot needle” and resulted in criticism among the delegates. The chief of the legal department of the Council of Europe was, thus, forced to revisit Bratislava and to work out a new document which will be discussed on 10 May, immediately following the visit by Minister Moravcik.

The actual reason, however, had nothing to do with formal weaknesses: In the Parliamentary Assembly of the Council of Europe, the Hungarian delegates raised the question of their minority in Slovakia and their delegates even turned to the Council of Europe with a critical letter at the end of February and the beginning of March. However, the commission did not find their arguments to be “fully justified”; they are actually calling for a collective concept of national minorities (the consequence: return to the use of



Hungarian street names, names of towns...) while the Council of Europe is adhering to the individual concept.

What is certain is that the March report on Slovakia dealt at length with minorities and found that "in practical life, it will be necessary to effect certain improvements." The Council of Europe has made "various recommendations" in this regard, particularly those concerning use of the Hungarian language in territory occupied by the Hungarian minority.

What then are our prospects? To the extent to which everything would run like clockwork, we could, according to a high-ranking official of the Council, be "possibly accepted for membership by the end of June." However, there are several "ifs" involved. Our case would have to be discussed in the parliamentary assembly at the end of June and beginning of July immediately as the first item on the agenda (the likelihood is said to be 90 percent), then, all ambassadors would have to meet because of us and would thus have to accept us into their ranks by this extraordinary method by the summer. If this did not happen, then there would be a slight chance still in September, shortly before the summit, after that it would be next year. The likelihood of membership acceptance for the Czech Republic alone continues to loom like an extreme case.

Much can happen yet; in May, it was figured that Romania would be accepted, but the decision was deferred at the last moment. A similar fate had at one time afflicted Poland. We must also figure that the 26-member Council of Europe does not wish to "diminish its prestige" by a hasty and primarily mass acceptance of new members, as was frankly stated by one of its highest-ranking officials.

So today, five hot applicants are knocking on the door, three of them will be accepted for membership next week, and it will be up to the persuasive nature of our diplomacy as to how quickly our turn will come. Neither in the Council nor in Strasbourg do we have any specific lobby and developments will show whether it might not be worthwhile for us to devote more effort to European institutions and to France in general.

**\* Zieleniec Discusses Relations With Germany**  
93CH0628A Berlin DER TAGESSPIEGEL in German  
23 Apr 93 p 6

[Interview with Josef Zieleniec, foreign minister of the Czech Republic, by Alexander Loesch; place and date not given: "Our Integration in the West Is No One-Way Street—Open Exchange and Cooperation With Germany Should Help Eliminate the Traumas of the Past"]

[Text] Vaclav Havel, the first elected president of the Czech Republic, will start a three-day state visit in Germany tomorrow. The agenda includes discussions with Chancellor Helmut Kohl in Bonn, which could be of particular importance in connection with the intensification of neighborly cooperation and in view of the new partnership. An open dialogue between Prague and Bonn is all the more important now that the Czech state, which came into being as a result of the separation from Slovakia, is not only totally

rebuilding its entire economic system, but is also newly defining its foreign policy. DER TAGESSPIEGEL spoke of the consequences of independent statehood and of present Czech policy with Czech Foreign Minister Josef Zieleniec.

[Loesch] Mr. Minister, the Czech state, which has been renewed to a certain extent after 74 years, has virtually returned to its historic borders. Yet, in contrast with the Kingdom of Bohemia prior to 1918, which was connected for about 400 years with the Hapsburg Empire, to its advantages as well as disadvantages, the new Czech Republic is primarily dependent upon itself. What priorities do you see under these circumstances for Czech foreign policy and what kind of a role can both of your historic neighbors—Germany and Austria—play in this regard?

[Zieleniec] This situation is indeed new for us and it is extraordinarily important for us to firmly anchor this republic within the system of international relations and that we do so in a manner which would be in harmony with our traditions. But this important task does not stand alone; foreign policy is actually an extension of our work and our efforts at home. For us, it is important that the new state is economically as well as politically healthy and that it stand firmly on its own feet and that it remain decent and democratic. And, in my opinion, these are also the correct foundations for a successful foreign policy.

Since the collapse of the communist system, I believe that we have been successful in convincing the majority of our citizens that this is the only possible road. I would like to stress this in conjunction with a portion of the first question: Yes, it is correct that the historical Bohemian state was tied to larger territorial units for centuries and that we are now depending on ourselves. Yet, this is a situation which reflects the present-day realities in Europe. The self-responsibility of the individual countries is an important aspect in the development of international relations. This holds particularly true for healthy relationships between smaller and larger states. As far as our relationship with Germany and Austria is concerned, countries with which we have good as well as bad historical experiences and now also the longest border, we are striving for the closest possible cooperation with these countries. But this is true with respect to our policy toward all neighboring countries. However, the development of the future relationships with Germany has yet another supplemental dimension: The trauma of the World War II era can only be overcome through open exchanges and close cooperation. If we mutually encapsulate ourselves, the relationships will per force be dominated by the negative past.

[Loesch] Many of the advantages in the economic as well as political sense, which had developed as a result of the long historical connection between Prague and Vienna, were squandered away over the past seven decades for various reasons. How do you intend to prevent the same thing from happening after separation from Slovakia as a result of the current "westward shift" of the Czech lands?

[Zieleniec] This is an important component of our foreign policy efforts to see to it that the attainment of Slovak and Czech statehood should not result in more separation than is absolutely necessary. In this regard, there is an entire system of agreements designed to retain as free an exchange of people as possible, and also an exchange in the economic sense. On the other hand, there are forces here which tend to intensify the interstate separation: These are perhaps the currently different economic developments or disputes regarding ownership rights. But I am an optimist and I believe that the bilateral relationships between the Czech Republic and the Slovak Republic will remain particularly close in spite of everything. Here, our greatest worry involves the question of the mutual border. On the one hand, it is intended to affect only a minimum separation between the people, on the other hand it is inevitable that border traffic, particularly the aspect of an illegal immigration wave, be precisely controlled. This is also important in conjunction with the new asylum law in Germany so that our territory does not become an uncontrolled transit country. But we are making efforts to reach a common arrangement with all our impacted neighbors, and we are doing so in such a manner that the human relationships between our citizens do not suffer any deterioration. A solution can only be a compromise among all participants.

[Loesch] How specific and how close do you believe the cooperation between your country and both of its neighbors—Germany and Austria—must be in order to master the growing problem posed by asylum-seekers from the East?

[Zieleniec] This is our common interest. All European countries should develop a joint control system for the growing migration in order to make it possible to keep restrictions on undesirable phenomena like organized crime or misuse of the right of asylum. We are clear about this being a particular problem for Germany, a problem that can be destabilizing in terms of domestic policy. But it is also a problem that cannot be solved through unilateral measures because it is the result of the entire series of radical changes in Eastern and southeastern Europe. In my opinion, the time has now come for an all-European convention to be worked out to cover the growing migration problem. This is all the more important to prevent those who are actually being persecuted from being dumped into the same pot with the others in being granted the right of asylum.

We are very much interested in this aspect because we are very thankful to the Western states for having taken on many of our citizens during the 40 years of communist dictatorship. In the final analysis, this did not only mean providing shelter for affected people, but also made it possible, in part, for our own democratic culture to survive in exile. The civic-democratic values which were thus saved are, so to speak, returning to us now because many of their carriers are returning home.

[Loesch] It seems that the Czech Republic is currently concentrating on its "West policy." Although this is understandable, a shortfall in eastern political strategy, particularly in view of the latent explosive situation in Russia, could prove to be dangerous. How are things regarding Prague's "Ostpolitik"?

[Zieleniec] I do not believe that we are underestimating eastern policy strategy. Of course, our goal is our integration in the European Community and in European security structures. In this connection, I wish to point out that the historical Kingdom of Bohemia was for many centuries an integral component of West Europe, and it would be downright unnatural if, on the basis of 40 years of the communist system, we should draw the conclusion that we do not belong to the West.

On the other hand, our foreign policy has no intention of neglecting the successor states of the Soviet Union and, particularly, Russia. And this is not so only because of the large market potential. Despite all problems, Russia remains a great power. I am convinced that we have good prerequisites for a correct partnerlike relationship, all the more so now that the animosities involving Russia, which developed during the period immediately following the changes in our country, have substantially subsided and our view has now become sober.

[Loesch] The European Community and NATO have thus far been very reticent regarding the ambitions to join them exhibited by the countries of Eastern and Central Europe. What do you estimate are the chances of the Czech Republic becoming a part of both of these principal integration structures of the West?

[Zieleniec] The main work involved in this integration must take place in our country at home. A healthy competitive economy and a stable democracy are the prerequisites. I am optimistic and I believe that the results of our developments over the past three years entitle me to be optimistic. Our democracy has been strengthened. Proof of this is the fact that it was able to handle such a difficult problem as was represented by the division of the Czechoslovak state without suffering a major convulsion. Our economic system is developing very rapidly in the direction of Western standards. And one day we shall fulfill all of the prerequisites for joining the organizational structures of the West. But this is not a one-way street.

West Europe also must adapt and must become accustomed to the fact that we must live together. The existing eastern border of the European Community was actually a dividing line dictated by Stalin—the Iron Curtain—which has no longer existed for three years. West Europe cannot count on manpower remaining cheap in our area forever nor can it permanently shut itself off with administrative barriers against, say, meat imports from East Europe. As for our part, we must, so to speak, do our homework while the economy is recovering and while our democracy is becoming stronger, but the old European Community must also do its homework; it must open itself up and demonstrate understanding for our problems. In no event do we intend making repeated pilgrimages to Brussels in

order to knock on the door and find out when we shall be accepted for membership in the European Community. As for our part, we want to fulfill all prerequisites, but the rapprochement must take place on both sides in the interest of all of Europe.

[Loesch] You recently said in an interview that it must be a downright curse to live in a land which constantly provides headlines, a country which is being continuously reported on in the international media. At the present time, relatively little is being reported about the Czech Republic. Is that a good sign?

[Zieleniec] A clear yes.

[Loesch] The magical year 2000 is downright provocative in terms of repeatedly stimulating futuristic games and forecasts. How do you see the Czech Republic and its position in Europe by the millennium?

[Zieleniec] I am hoping that by then we shall be a formal organizational part of West Europe and that it will be a given for the people in West Europe that the Czechs are their fellow citizens in an expanded sense. In other words: By then, our nation will have completed its return to that cultural-political world in which its roots lie. I personally do not think much of magical dates and symbols and that is why I do not exclude the possibility that all of this may happen in 1999 or 2001 or 2002.

#### \* Rivalry Within Government Coalition

93CH0641B Prague TELEGRAF in Czech 29 Apr 93  
p 3

[Article by Dusan Sramek: "Will the 'Mutterings' Within the Coalition Be Solved?"]

[Text] *Virtually from the very beginning of its existence, the government coalition has been struggling with its own disputes. The emphasis on some not quite identical points of the electoral and political programs of the individual parties from time to time clash, as do varying personal interests. Disputes among the coalition parties, which occasionally smolder here and there, were, until recently, more likely aired only at press conferences or in the communications media.*

Even though it is not possible to overestimate specifically these concrete cases, the fact that in recent times some of the disputes have begun to be aired even at the institutional level serves as a warning. The critical speech by the deputy chairman of the ODA [Civic Democratic Alliance], Pavel Bratinka, who is simultaneously a deputy minister of foreign affairs and thus a member of the government, addressed to Prime Minister Vaclav Klaus is a downright declaratory example of disloyalty on the part of a high-ranking state official toward his indirect superior. Similar practices in the entire democratic world lead to only one answer—recall from office. The signals which came last week from parliament are also a warning. Here, a report on the situation in the educational system was being discussed; the report was presented by Minister of Education

Petr Pitha (KDS [Christian Democratic Party]). Thirty-five delegates from the ODS [Civic Democratic Party] voted against adopting this report at the conclusion of the negotiations regarding this question. The same week, the report of Foreign Minister Josef Zieleniec (ODS) regarding the status of Czech foreign policy was debated. His report was not supported by delegates of the KDS. This entire matter could be reminiscent of the willful action of small mischievous boys if it were not delegates that were involved and if the matter did not involve their approach to such an important matter as parliamentary policy. Both of the reports were placed on the agenda of the Assembly upon the initiative of the opposition. This does not exactly attest to the high degree of political culture among some delegates of the coalition parties, particularly when they vote against the reports of their ministers.

But to narrow down the whole problem to merely a shortfall in political culture would not characterize the entire situation. Within the coalition, there are mechanisms on the basis of which the delegates from individual parties can question their ministers at meetings of their parliamentary factions or they can criticize them for taking steps with which they do not completely identify. However, the problem lies in the fact that thus far the coalition has lacked a mechanism which would resolve the partial reservations entertained by delegates of one of the coalition parties with respect to a minister from another party. The shortage of possibilities to intervene and to express themselves on individual steps and intentions by the minister from another government party therefore frequently leads delegates even with good intentions to select a procedure which belongs more to the opposition. Each of the parties of the government coalition stresses some other aspects of a problem in some of its details and, understandably, tries to incorporate these aspects even into the policies of the ministries in which they are not dominantly represented within the leadership.

This fact is clearly realized with great seriousness by representatives of the coalition parties, and so certain proposals to improve coalition cooperation turned up even at the end of Friday's meeting of the "big four"—in other words, of the chairmen of all four coalition parties. In future, for example, they will meet prior to each meeting of the representatives of the coalition parties in the Assembly; new impulses are even appearing in terms of possibilities to question one or another minister by delegates of another government party within the framework of lobby-type meetings—in other words, without having the problem crop up at a plenary session.

The extent to which these decisions will improve communications within the government parties and will contribute to the consolidation of conditions within the coalition remains to be seen. The chairman of the KDS, Vaclav Benda, for example, characterized the conclusions of the discussions between chairmen of the coalition parties as being a breakthrough. In any event, it is clear that any doubts regarding the political culture which we expressed and laid at the feet of the rebellious delegates are

not a predominant factor in the negotiations of their parties as a whole. And that is a plus.

**\* Prime Minister's Evaluation of Czech Press**

93CH0641A Prague TELEGRAF in Czech 5 May 93  
pp 1, 3

[Interview with Czech Prime Minister Vaclav Klaus by Viktor Krejci; place and date not given: "On the Objectivity of the Communications Media—TELEGRAF To Ask Prime Minister Vaclav Klaus One Question Each Week"]

[Text] *Dear readers, starting today, TELEGRAF will regularly feature a response by Prime Minister Vaclav Klaus to a question posed by us each Wednesday on this page.*

[Krejci] Mr. Prime Minister, in recent times there has been frequent talk regarding the objectivity of the communications media. Can you tell us your views regarding the connection between the requirement to be objective and the fact that every newspaper elects to follow a certain ideological line and direction? Is there any kind of direct tie-in between actual objectivity and a conservative view of the world?

[Klaus] First of all, it is necessary to differentiate between news reporting and commentary. In my view, this is a matter which has been unsuitably connected thus far in our country and results in an important portion of the conflict regarding objectivity in the communications media.

In the case of serious world-class newspapers, such as THE WALL STREET JOURNAL, the commentary page is kept completely separate from the other pages of the daily. If you are called on by a journalist from this newspaper and he presents his calling card, it says either THE WALL STREET JOURNAL or THE WALL STREET JOURNAL editorial page. This means that the individual who writes commentaries, editorials, or columns—in other words, evaluations—says so in advance on his calling card and also never writes anything else for publication on any other page.

This, then, is the first problem and I believe that we have not yet matured to this stage in our country. I would very much like to see something like that which is beginning to come to life in some dailies, where a certain page is set aside exclusively for commentary. I then do not read this page in order to learn about some kind of new information, but I read it when I am interested in the author of one of the printed texts.

In commentaries, let every author assert his position, no matter what view he prefers, and let his heart pull him in one direction or another. There is no need to talk here of objectivity or a lack of objectivity. We live in a democratic pluralistic society and let everyone do as they wish.

But I do see a problem in news reporting where information should, to the extent possible, not be burdened by individual evaluations by the author. But in this country, we continue to see that this information is burdened by a priori evaluation; you can see precisely, judging by the newspaper in which it appears, how a report is presented. Of course, this is also clearly a question of the quality of each of the journalists involved, because even it determines the extent to which he is capable of ridding himself of his world view and describing the provided news report in a neutral manner.

The third matter, with which you originally began, addresses the question whether one or another world view makes it possible for news reporting to be more objective: I believe that a world view will, in the ideal case, tend to influence the selection of topics and will help determine the weight to be ascribed to individual matters. I would almost not wish to say that this would in and of itself lead to better or worse newspaper reporting, although my heart stands on the side of conservative thinking.

Conservatism in journalism could be manifested more in an indirect manner. A conservative world view stems from an individual, from his personal responsibility, and his failure to succumb to one or another type of "ism." Every conservative journalist should let this factor clip his wings somewhat and should, therefore, behave more honestly.

**\* MDF Agrarian Leader Criticizes Agriculture Ministry**

93CH0617A Budapest NEPSZABADSAG in Hungarian  
23 Apr 93 p 6

[Interview with Imre Korosi, National Assembly representative of the Hungarian Democratic Forum and new president of the Hungarian Agrarian Chamber, by Jozsef V. Farkas; place and date not given: "The Portfolio Made Erroneous Decisions"]

[Text] *Apparently there is no peace between the Agrarian Ministry and the actors on the agrarian market, while the situation of the branch is markedly deteriorating. We asked one of the passionate fighters for change, Dr. Imre Korosi, National Assembly representative of the Hungarian Democratic Forum [MDF], who was elected president of the Hungarian Agrarian Chamber a few days ago, how he assesses the situation.*

[Farkas] You stated several times that the ministry made a series of professional mistakes, and this is one of the reasons why agriculture reached its low point today.

[Korosi] I am not the only one stating this, because last week the general assembly of the Hungarian Agrarian Chamber also took responsibility for the mistakes. The atmosphere at the meeting suggested that the majority of agrarian professionals agrees that the chamber made erroneous decisions. The deficit of 1991 was repeated last year; for a second time, Hungarian agriculture suffered a loss of 40 billion forints [Ft]. The same is true for the food industry: Their loss of last year exceeds Ft10 billion. One of the consequences of this is that in the past two years, 400,000 private producers abandoned their accustomed activities; among other things, 260,000 of them liquidated their stock of pigs. The income of agricultural workers gradually fell behind workers in other branches of industry; in 1992, they received a gross salary of approximately Ft14,000. But let us examine the concrete mistakes. The most blatant one is that the regulation of the agrarian market lacks a strategic concept. There are no announced, guaranteed prices; the purpose of market regulation is not to institute income security. At the same time, administrative measures prevented producers from getting rid of their excess produce. A good example for this is that in 1991, grain export was restricted, and in the last two years, the export of live pigs. The management of the milk market is also fraught with huge contradictions, because two years ago, cow ranchers received subsidies to get rid of their animals, while a few months later, state subsidies were awarded for putting in heifers. Last December, those who delivered milk to Budapest in excess of the amount they contracted for received a subsidy of Ft5 per liter. According to calculations, because of the contradictions of the milk market, we sacrifice hundreds of millions from the budget in vain; moreover, approximately another Ft10 billion active capital was withdrawn from production. An operative intervention of this kind is unparalleled in the last decade. The major problem is that erroneous measures led to the weakening of the basis of production.

[Farkas] The parties in parliament, with the exception of the MDF, agree that the decline of agriculture appears to be an enduring process. Why does your party have a different opinion?

[Korosi] In my opinion, the MDF has not yet completed the analysis which would enable one to have a complex view of the portfolio. Consequently, some people in the party perceive criticism as a personal attack. This is the basis for the discrepancy in our points of view. I am convinced that we are not so badly informed that we do not see the problems, but we are afraid of facing them.

[Farkas] Today, 1 million people are involved in Hungarian agriculture, which means 2 million voters, if we consider family members, as well....

[Korosi] One must not be motivated by election considerations. Obviously those who became devastated must be potentially counted among people who vote against us. This is the least of the problem. A much greater problem is that if the bases of production continue to weaken at this pace, we will be pushed out of the markets of the European Community. This is what my party must realize.

[Farkas] A few days ago, you were elected president of the Hungarian Agrarian Chamber. You are familiar with the activity of the organization, because you were a member of the board of directors. How would you summarize the chamber's proposal for recovery?

[Korosi] The chamber is one of the most important actors on the market, and this is the way it is everywhere in the world. In Hungary this is impeded by the lack of legislation on chambers. Our proposal for recovery is connected with eliminating the most consequential mistake. Namely, the lack of a market regulation concept must be remedied. This could be the decisive means of change. Concretely, by modifying the law on agrarian regulations, this year the market of grain, milk, and pigs should be stabilized, and one should find a working solution to resolve the contradictions of poultry, wine, and fruit production. In the issue of ownership, the areas of agriculture and food industry ought to be dealt with in a concentrated fashion, and instead of the present scattered, short-term system of subsidies, resources should be applied together to promote privatization. A number of changes would be necessary in the matter of taxation, as well. Land is the only form of capital which is taxed even if it produces at a loss. The tax-free income of agricultural small producers should be raised to at least Ft1 million, and new agrarian entrepreneurs should be encouraged by the taxation measure. And one more thing: The restoration of the confidence and faith of producers is an urgent task.

[Farkas] The general assembly of the agrarian chamber invited the agricultural minister, who excused himself but promised that the ministry will coordinate with you.

[Korosi] I believe in the next few days we will meet with the leadership of the ministry. First of all, we must discuss the professional mistakes we listed. Let us see where there is a difference of opinion, and let us finally put an end to pointing a finger at each other.

**\* Foundation Supports TV Series on Entrepreneurship**

*93CH0618C Budapest NEPSZABADSAG in Hungarian  
27 Apr 93 p 5*

[Unattributed article: "Education Series With Lakitelek Support"]

[Text] With the support of the Lakitelek Foundation, a new educational series is starting on television, entitled BASIC ENTREPRENEURSHIP. After his press conference yesterday, Sandor Lezsak told our reporter that the account of the foundation currently contains 14 million forints [Ft].

Sandor Lezsak said that the series, which was created on the initiative of the Lakitelek Foundation and the Lakitelek adult education center, will start in the evening of 17 May on channel 2 of Hungarian Television.

In reply to NEPSZABADSAG's inquiry, the foundation's president said that the education series cost approximately Ft80 million, and this amount was pledged by various sponsors. Thus, contributions were made by the National Savings Bank, the State Property Agency, the Enterprise Development Foundation, and the APEH [Office of Tax and Fiscal Auditing] also contributed Ft100,000. The education series and the related courses and consultations are designed to prepare individuals for starting enterprises. The duration of the course is 30 weeks. Sandor Lezsak said that they expect to issue approximately 500-600 certificates of entrepreneurship at the end of the first basic course. Lezsak also told our reporter that there are currently 14 million forints in the account of the Lakitelek foundation. Since its inception, the foundation has received donations amounting approximately to Ft300 million.



**\* UD Congress Elects Leaders, Passes Program**  
*93EP0252A Warsaw POLITYKA in Polish No 18, 1*  
*May 93 p 11*

[Article by Mariusz Janicki: "The Union Pays but Demands"]

[Text] "The Union needs a shake-up. It may be a defeat, but I hope it is not," said Barbara Labuda, after the congress of the Democratic Union (UD). But it is hard to shake up the Union because, with few exceptions, it is the stoic party. Further, the opportunity for a shake-up at the congress was limited by the fact that the prime minister was present in the form of a humble delegate in the hall. There were also a few dozen parliament members and a handful of ministers and their deputies, not counting lower level functionaries. That is why there were so few superlative items. Yet there were some.

The most malicious laughter by some of the delegates was sparked by Tadeusz Mazowiecki's statement that he was putting the deliberations "in the experienced and tested hands of Bronislaw Geremek." The chairman was directly accused of manipulations—for dragging out the deliberations so that the troublesome "provincials" would go home and for distributing lists of preferred candidates for party offices. The last accusation was raised by Marek Edelman, the most irritated delegate, who was polite enough to recall the communist period in this context. Barbara Labuda quietly said that there had always been such lists, and there was no point in playing holy man. One has to be resourceful enough to get on to them (Edelman was on them, in any case). Waldemar Kuczynski asked to be deleted from the list, but Geremek refused because he would then have had to acknowledge that the lists existed. In the end, he asked for "friendship and understanding that has always reigned in the Union." Voting went according to the lists.

The greatest disappointment of the congress was the program speech by W. Kuczynski, which was full of phrases like "quantified picture of the goal," "a series of pillars and hoists," and "self-reflection upon ourselves." The delegates looked at each other in amazement, wondering whether they were in the wrong hall. They seem to have agreed with Kuczynski that "the Union is the last party on the list of fantastic parties"; however, it is not known whether they shared the opinion that "it is first on the list of well-defined parties." Judging from the discussion, probably not.

The delegates devoted the least interest to agricultural topics, "about cows," ecology, or "about nothing." After the first words, the unionists gathered at the exits.

The face most sunk in thought belonged to Prime Minister Hanna Suchocka, who admitted that she is attempting to implement the Union policies but is having a hard time. She also knows that the people must get something from the reforms because the reforms are for them. Something must be accelerated. For now, that is it.

The saddest face, absolutely, belonged to Marek Balicki, deputy minister of health, who submitted his resignation and is waiting for a decision. Balicki was mourned greatly at the congress—a talented doctor, manager, he has a good program. But, when the slogan "Defend him" appeared, one could see the characteristic expression on the faces that well reflect the suffering of a governing party. Iwona Katarinska said: "When it is really necessary to do something concrete, the Union goes home, quivers before the government." Anna Bogucka-Skowronska spoke of the sin of impotence. So-so applause.

The most personal comments were those of Andrzej Wielowieyski. He spoke about Barbara Labuda and Jan Maria Rokita. He said of Labuda that one cannot irritate the church, and about Rokita that one cannot force the church to do anything (in reference to support for the reforms). Wielowieyski does not want the church to embarrass itself, and that is worth any cost. He did not mention the embarrassment of other institutions.

The greatest whisper went through the hall when Barbara Labuda was introduced. The microphone worked worst at that point, as Marek Edelman pointed out. Labuda, excited with the program of the Union in hand, demonstrated to Tadeusz Mazowiecki that she is implementing the party's platform position on the church (if one takes the matter literally, then Union program is very bold in that respect): "And you, Tadeusz, in attacking me, are wrong; your accusations are mistaken." Later she said that the leader takes open criticism poorly. The hall took it fairly coldly, especially because Labuda said the same thing as always.

And, later, a deathly hush fell over the hall, as it does when 400 people cease talking. Jerzy Turowicz appeared, as always apologizing, flustered, seeking something with which to catch the audience at once. He said the same thing as Barbara Labuda, but in a completely different language, the one the Union loves, full of half-tones, allusions, silences, pardons: "The Christian parties are using the church rather than serving it; the clerics at times yield to temptations.... The church also entered the new epoch unprepared; we must give it a chance." Turowicz supported the separation of the church from the state, preferring precisely the word "separation" to "autonomy," to which the bishops are attached. He also said that "it is difficult to separate Christian values from human values," and thus confirmed the complete correctness of the attacks on him by NIEDZIELA journalists. He got a standing ovation. "He stroked the church a little. What is the point?" commented Edelman. In the cloakrooms, Ewa Deptula-Jablonska, a professor at Lublin Catholic University—the only Union member at that university—revealed that, when she came to the university with a Union button on her lapel, the students asked her if she was afraid of being beaten. The Catholic University is a bastion of the Christian National Union (ZChN). "You in Warsaw have no idea."

The most aggressive speech during the congress was Andrzej Celinski's: "Let's stop being embarrassed to use



power, especially when people attempt to advance themselves without any social support." That sentence is a true masterpiece because it does not admit directly that power has social support. Jan Krol supported him: "if we have competent people, membership in the Union cannot be an obstacle to holding a position." That is the language of the Union: We are humble and state creators, but, damn it, everything has its limits. We are also strong and the best. From that same series, W. Kuczynski: "They say of us that we are conceited. Thus, I respond in a somewhat conceited way...."

In the longest speech of the congress, Jan Maria Rokita expressed the "state creator" idea: "The state owes the Union the most, and the price of the coalition is still worth paying." One must show extreme pragmatism. The most important are the economic, constitutional, and state reforms. The rest is not worth the words. "Clarity of goal, internal organization, and strength of purpose." Applause, but not too much, because Rokita is not especially liked.

The two most important ideas were presented by Jacek Kuron and Jan Krol during the congress. The first appealed for propagating the idea of "a peace corps," sending youth activists to the most backward regions of the country to increase civilization there. The second wants to organize camps for young people that would be "schools of political thinking." Both ideas aroused a healthy chuckle from among the most cynical delegates.

The greatest sensation of the congress was the fact that Jan Maria Rokita was not chosen a deputy chairman of the party. Kuron opted in the cloakrooms for Celinski, Frasyniuk, and Rokita. Bronislaw Geremek strongly supported Rokita. Mazowiecki was rather for Kuczynski. "One knows Celinski will not be chosen, but then there will be a fourth, and he will push to become secretary general." Such was the considered speculation. Celinski was elected in the second round, and, at once, concerned voices appeared, wondering whether Rokita, in this situation, "will not be a hindrance." Others lamented because "he would take care of the Union in the provinces." But, in all, "the entire affair was too finely planned, although the intentions were good, everything for the equilibrium of forces, "efforts" were made, "but within the bounds of decency." Like everything thing else in the Union.

Mazowiecki got his 90 percent of the votes and was again elected chairman, in a style that cuts off all empty discussions on the subject of his leadership. Wladyslaw Frasyniuk received 73 percent for deputy chairman, fairly easily ahead of Kuron. The hierarchy is clear. Zofia Kuratowska, the leader of the social-liberal faction, however, fell hopelessly by the wayside (19 percent), but here it is necessary to dissolve certain myths. All three factions of the Union (including the conservative-liberal and the ecological) make up no more than 10 percent of the total membership of the party. The majority is "Union-union."

Marcin Swiecicki, minister in Mazowiecki's government from the PZPR [Polish United Workers Party], won the election to the Union's council, probably the greatest

paradox of the congress, which was received with bewilderment. Swiecicki, hidden for the past two years in the outback of the party apparatus, won against the greatest powers of the Union, including Prime Minister Suchocka; he beat the legends of the underground. Swiecicki is an expert.

"Experts, charter specialists, people in the apparatus took the first 30 places in the official apparatus," says Barbara Labuda. "In the Union, no one likes people with clear viewpoints; the pragmatists and the technocrats win. In general, I have noted a renaissance of conservative attitudes."

After the announcement of the election results, the members of the Warsaw section of the Union at once began to speak of a move to the right. In any case, the former Citizens Movement-Democratic Action [ROAD] "has already been reduced." Andrzej Potocki sees it this way: "There was no special reduction; there is simply a tendency to limit the influence of all factions so that the middle, the mainstream of the Union, can finally break through the loud, though small, extremes."

The Union yields with difficulty to an overall description. It reveals itself better in specifics, in individual scenes; thus, the above impressions. Union thinking is the Polish variant of political correctness. It consists of rejecting the extremes, while what is extreme is decided on a current basis because the Union is an elastic party. Anyone who has seen a few meetings, conferences, and congresses of our party is struck by the fact that there is little ideology in the Union. (It is a vegetarian party in that respect, as one of the delegates said.) But that is the result of the fact that drives its opponents to madness: Some things, in the opinion of the Union, must be done in Poland regardless of what views people hold on that subject. The Union depoliticizes entire areas of action in the economy or social policy, which is seen as politicizing, only on the model of the Union. If the ZChN, with 6,000 members, causes confusion nationwide in the area of all values, the Union, with 10,000 members, completely dominates the decision-making bodies in the government and expends great effort to neutralize the ideas of the other coalition members. It has become clear that every idea born outside the Union must receive the stamp of this party on the way to implementation. That shows both the strength of the Union and the hopeless weakness of the other parties. The UD is in debt, is not the strongest in the provinces, has controversial leaders, lacks any position on many questions (the famous "we note with concern" as the height of directness), and includes atheists and exemplary Catholics, social liberals and conservatives; it has created a style of politics and is happy with that style.

"The shake-up will come in a few months or a year, but it will surely come," said Barbara Labuda.

#### **\* Seven Constitutional Drafts Under Debate in Sejm**

93EP0256A Warsaw RZECZPOSPOLITA in Polish 12 May 93 p 3

[Article by Jerzy Pilczynski: "It Is Time for Fundamental Questions"]

[Text] The seven drafts of the Constitution received by the Sejm under the adopted procedure represent a broad range of possible systems of governance. It will now be the task of the Constitutional Committee of the National Assembly to develop, on their basis, a combined and cohesive draft of the future supreme law of the land. First, the committee will present to the Sejm those drafts and the dilemmas they entail. The constitutional debate to be held in the Sejm as early as in the beginning of July should shed clear light on the principal political options concerning future constitutional solutions. Although the law on the procedure for formulating the Constitution does not provide for a similar debate in the Senate, it can be expected to happen. But only the National Assembly, at whose forum the first reading is to be held, will decide which drafts and solutions are to be further refined and thereby also determine their principal orientations.

### The Dispute on Values

At first glance, the drafts submitted indicate the principal dilemmas that will face members of the National Assembly. Above all, the axiological assumptions of those drafts differ, not surprisingly, because they originate in different political groupings. Some of the drafts, such as those presented by the Senate or the PC [Center Accord] party, refer in their preambles to religious, national, or historic values, while others, such as those presented by the PSL [Polish Peasant Party] and the UP [Labor Union], confine themselves to stressing traditions. But those traditions themselves vary because the draft of the KPN [Confederation for an Independent Poland] is clearly patterned on the April Constitution [23 April 1935], while that of the SLD [Alliance of the Democratic Left] is based on solutions known from the March Constitution [17 March 1921].

Most of those drafts start out by declaring, "Poland is a law-governed state." That is practically a standard formula in modern European constitutions. The SLD, the PSL, and the UP drafts add the clause, "a law-governed state, implementing the principles of social justice." The drafts of the president, the Senate, the PC, and the KPN stress in this place that the state is the common good of all citizens. At the same time, it is ranked second to the individual and should serve him.

It can thus be judged that the discussion of fundamental values and the mode of their exposition in the initial drafts of the new Constitution will be of fundamental importance to its further elaboration. The related decisions will affect the resolution of other important issues, such as the concept of the rights of man, the concept of the socioeconomic system, church-state relations, and so forth.

Concerning the last-named issue, the various drafts view it differently, with some going as far as to integrate church with state, and others stressing their strict separation. Considering the political differences among the parties composing these drafts and the abstract nature of that debate, its resolution is certainly not going to be easy.

### The President's Place

To be sure, the question of the system of governance will be a fundamental one. Of the seven drafts of the new Constitution, four (Senate, presidential, KPN, and PC) favor a future presidential-parliamentary system. The SLD, UD [Democratic Union], PSL, and UP drafts support a parliamentary-cabinet system. The Belweder proposes that the president exercise supreme executive power, directly or through the mediation of the government. He should have the right to appoint the prime minister and, on the latter's recommendation, the other members of the Cabinet. What is more, the president should also have the right to recall the chairman of the Council of Ministers. Thus, the government would be responsible to the president. But the Sejm would have the right to pass a vote of no-confidence in the government. A measure of the president's position vis-a-vis the parliament would be that he could dissolve it without giving any specific reason. The president would also have the right to issue decrees.

The KPN, Senate, and PC drafts define presidential powers just as broadly, following the French model, which presupposes the formation of presidential political camps that could govern the country over a prolonged period of time. Those drafts define more precisely the cases in which the president can dissolve the parliament, such as, for example, failure to pass the budget on schedule, greater or smaller instability of governments, and so forth. In addition, they acknowledge the president's rights to issue decrees in specified situations.

In contrast, the UD draft, which refers to the Small Constitution, largely supports the status quo. The SLD draft views the president as the supreme representative of state power but curtails, to a minimum, his ability to directly exercise executive power. However, all of the above drafts provide for direct, popular elections of the president and vest in him, to a greater or lesser extent, various prerogatives—that is, the power to make decisions without having them countersigned.

The resolution of the dilemmas relating to the president's status in the government will be of basic importance to settling other institutional issues. What matters is that members of the National Assembly do not resolve those issues on an ad hominem basis by voting for or against a particular individual. The experience of the 1919-39 period teaches that this leads to nothing good. The presidential system is considered one of the possible democratic systems of governance. Its adoption or rejection should be based on the criterion of the extent to which it corresponds to present and anticipated political conditions in Poland.

The future shape of the parliament, which has also been debated for some time now and then, will also be subject to discussion. SLD deputies support a strong unicameral parliament. They claim that the Senate, which was established in 1989, used to be a guarantee of a change in the system of society but is no longer needed, and experience shows that it hardly performs well. Besides, Poland is not a federal state. A unicameral parliament is also favored by the authors of the PSL and UP drafts, who place strong

emphasis on the development of the civic state and local governments, which they even term "the fourth branch of power." They propose that the Senate be replaced by a local government-economic chamber. On the other hand, the SLD deputies favor establishing a National Chamber of Economy and Labor, which, to be sure, would not replace the Senate but would be a consultative and advisory body consisting of representatives of trade unions, employers, and the administration. It would thus play the role of a mediator, which would be in accord with the spirit of the "Pact of the Enterprise."

### Should the Senate Survive, and in What Form?

The authors of the other drafts support the existence of a Senate exercising a corrective role vis-a-vis the Sejm but differ in their views of the relations between the two chambers. For example, should the Sejm reject the Senate's amendments by an absolute majority of votes according to the UD, by a majority of 11/20 according to the PC and Belweder drafts, or by a majority of two-thirds according to the Senate draft? They also differ in their views of the elections to and membership of the upper chamber. For example, the KPN proposes that the Senate consist of seven ministers and 12 voivodes appointed by the president, and 105 directly elected governors, and that it be a chamber monitoring the activities of the government and the state administration.

Another issue to be resolved is whether the Sejm should hold periodic sessions or operate on a permanent schedule. The former alternative is favored by the UD, which views it as a way of bringing order into legislation and streamlining the work of the government.

As regards the government, the most contested questions will be linked to the manner in which it is formed and dissolved and, hence, also to its responsibility before the Sejm or the president. Some drafts—for example, those of the UD and the SLD—favor a constructive vote of no-confidence, which is to strengthen the stability of executive power. The drafts can also be divided into those that vest the government with the right to issue decrees having the power of laws and those that do not.

### A Bill of Rights and Liberties

A most important part of present-day constitutions is the bill of man's rights and liberties. Here a twofold approach to the nature of those rights can be expected. One approach is linked to the concept of natural law and the other to the will of the lawgiver. Differences in opinion as to the bill itself also are bound to arise. The Senate and PC drafts provide for protecting the right to life from its very inception, whereas the Senate, PSL, and UP drafts propose abolishing the death penalty. One of the most debatable issues, however, will be the definition and scope of social protection in the Constitution. Here a battle will be fought between supporters of rugged individualism and supporters of the social safety net.

Disputes about more specific matters are also bound to arise. The SLD and the Belweder, for example, are proposing a different status for the procurature, but the differences in views on the administration of justice are, on the whole, minor. Most of the drafts also are in accord on strengthening the institutional guarantees of rule of law and democracy. Thus, it is proposed that the rulings of the Constitutional Tribunal be final and binding. Of the drafts, only the PC one glosses over the important role of the citizens' rights spokesman. The possibility of holding a national referendum is broadly considered. The right of citizens to initiate legislative projects and the popular veto are also supported. All of the projects stress the right of citizens to complain about violations of the Constitution. Thus, reaching a consensus on the nature of those institutions, with the possible exception of the referendum, should present no problem.

### On the Horns of the Dilemma

Will it be possible, however, to combine those drafts into a cohesive whole before the end of the Sejm's current term? In most cases, the authors of the drafts presented to the committee believe so and intend to refine them conscientiously. But there is also no dearth of skepticism in view of the political fragmentation of the present Sejm. At the same time, that fact itself is utilized as an argument showing that the present Sejm should vote on the Constitution, as reaching a consensus on it despite or, rather, because the Sejm's political fragmentation would be a guarantee of its success, because then it would be a constitution geared to the most varied points of view. Constitutionalist see the matter differently. Some support the notion that the Constitution should blaze the trail for changes and promote reforms, while others believe it should be a summation of that process. In practice, thus, resolving that dilemma will be supremely important.

### \* Little Reaction to Lowering of Interest Rates

93EP0253D Warsaw RZECZPOSPOLITA  
(ECONOMY AND MARKET supplement) in Polish 20  
Apr 93 p 1

Article by Krzysztof Czar: "NBP Decision Produces No Boom: Money Still Expensive"]

[Text] The change in loan interest rates offered by the National Bank of Poland [NBP] to commercial banks has become a good pretext for the banks to reduce savings interest rates on short- and long-term accounts by individuals. Less expensive investment loans anticipated by the NBP occurred to a very slight degree.

The purpose of the NBP's decision of 22 February to lower interest rates for refinancing loans (from 38 percent to 35 percent), the discount rate (from 32 percent to 29 percent), and pawnshop rates (from 37 percent to 33 percent) was to revitalize economic activity. Yet the banks did not note greater interest in investment loans. They are still too expensive for companies. In their opinion, economic results would be visible only with interest rates at the 20-to-25-percent level. After 1 March, the interest rate for

six-month loans did not fall below 42 percent. Long term loans—24 to 36 months, those that would permit investment in more substantial economic projects—remained nearly unchanged. Average rates are 46 to 55 percent, depending on the bank, and the value of loans fell barely 3 points. In the opinion of the press spokesman of the General Credit Bank, Marek J. Zalewski, "The NBP's move was a cosmetic effort and had more political than economic significance."

Nor did interest increase in mortgage loans, where rates fell from 41.8 percent to 38.5 percent. In the opinion of Elzbieta Dubczyk, director of the Department of Housing Loans at the General Savings Bank-National Bank [PKO-BP], the 3-point decrease is too small to increase demand for housing loans. But the banks did take advantage of the situation created by the NBP to significantly decrease interest on individual deposits. That is not the first such occurrence. Last July, when the refinancing rate fell by 2 points, rates on deposits in some banks fell by 5 points. This time the decrease in the value of deposits was even greater. To NBP's 3-percent reduction in the refinancing rate, some banks reacted with a 10-point drop in interest rates on time deposits. At PKO SA, the rate on 36-month accounts fell from 50 percent to 40 percent. PKO-BP offers the lowest rate on three-year deposits (36 percent to 38 percent), and Gdansk Bank offers the highest—50 percent. Most banks have also abandoned the quarterly compounding of interest in favor of compounding upon completion of the term or, less often, annually.

Despite a clear deterioration in the conditions for saving, flight from the zloty did not occur as, in the opinion of former NBP president Andrzej Topinski, could have been feared.

The NBP's change in interest rates did not affect loan rates in pawnshops at all. They remain at about 240 percent annually.

The justification for the NBP's decision was growth in production in the second half of 1992, positive forecasts about inflation this year (32 percent), and parliament's passage of a considered budget. But the forecasts may prove to be inaccurate, and recent Sejm decisions about laws regulating loan rates may upset the "considered budget." In that case, the average level for refinancing loans anticipated in the bases for the budget bill will be greater in 1993 than the assumed 27.8 percent.

It is worth recalling that a significant increase in the refinancing rate to 72 percent (February 1991) occurred after a previous reduction to 34 percent (July 1990).

#### \* Prospects of Further Inflation Assessed

93EP0253C Warsaw RZECZPOSPOLITA  
(ECONOMY AND MARKET supplement) in Polish 20  
Apr 93 p 1

Article by Antoni Kowalik: "CUP Assessment of Economy: Warning Against Inflation"]

[Text] "These results could testify to success," said Minister Jerzy Kropiwnicki, head of the Central Planning Office [CUP], assessing the economy in the first quarter of this year. Speaking in favor of such an assessment is an increase in industrial production and, thus, gross domestic produce, growing productivity, and inflation being held in check. But two economic engines from last year have stopped pulling—exports and construction. CUP also warns of an inflationary impulse that could be provoked by equalizing surcharges on imports of agricultural products, an increase in meat prices, and the VAT [value-added tax].

In industrial production, as is apparent from the analysis, the growth trend noted in April of last year held for the first three months of this year. In March, the value of that production was 6.8 percent higher than a year ago. Growth in productivity was 10.1 percent, compared to the first quarter of 1992.

#### Construction

The situation in construction is unfavorable. It is the result of a decreasing demand, similar to last year, for realization of work requiring major industrial investment and the shrinking scale of work associated with the technical and social infrastructure. On the other hand, the range of remodeling, adaptation, and modernization work is holding. Production in construction and assembly companies decreased by 2.8 percent, compared to the first quarter of 1992.

The number of residences put into use in the first quarter of this year totalled 18,700, which, compared to the same period last year, is a drop of 55 percent, 65 percent of which was in cooperative housing.

In agriculture, the first quarter made animal production less profitable. Compared to last March, the price of rye increased almost fourfold, potatoes nearly twofold, and hay threefold. In that situation, prices for farm animals and slaughter cattle continue to be unfavorable for farmers—cattle increased just 32 percent and hogs barely 14 percent.

#### Exports

Since the beginning of this year, exports have remained at a low level. CUP data show that, in the first two months, exports were lower than in the same period last year by about 17 percent, while imports rose by almost 9 percent. The result is a trade deficit of \$345 million. That trend has been observed since October of 1992. CUP's analysis emphasizes that the drop in exports cannot be linked to the relationship of the zloty to convertible currencies. At the end of March, the zloty was overvalued in relation to the dollar.

#### Money

March was also another month of decrease in the hard-currency reserves of banks. Compared to last August, when a constant growth trend was recorded, reserves declined by 12.8 percent. But their level exceeds last year's by 13

percent. The fall in reserves in March was associated with large interest payments for servicing debt to the Paris Club.

Growth in the money supply in the first quarter amounted to 26 trillion zloty [Z], or 6.3 percent, and was lower than the rate of inflation. The increase resulted mainly from a reduction in loan activity. The increase in debt in budget-sector banks was twice as high as the increase in loans to companies.

Despite a reduction in the interest rate on deposits, there continues to be a tendency toward saving in Polish currency. In March, in comparison to the end of last year, saving on deposit increase by 16.3 percent and totalled Z141.6 trillion. Hard-currency deposits (calculated in zloty) were at Z140.9 trillion, or 6.7 percent higher. No transfers of deposits in zloty to hard currency deposits was noted in March.

#### **\* National Chamber of Commerce Program Presented**

93EP0253B Warsaw RYNKI ZAGRANICZNE in Polish  
20 Apr 93 pp 1-2

[Interview with Kazimierz Pazgan, chairman of the National Chamber of Commerce, by Mieczyslaw Stolarski; place and date not given: "Stimulating Economic Growth Is the Most Important Goal of Our Program"]

[Text] [Stolarski] The terms of the economic policy presented recently by the National Chamber of Commerce have met with great interest and aroused much discussion.

[Pazgan] It is good that that has happened because our program proposes the adoption of principles that should prevail in the whole Polish economy. It was not we who thought them up; they are known throughout the capitalist world. But without their implementation, consistently, it is impossible to revitalize the Polish economy, which not only economic self-management expects.

[Stolarski] To what principles are you referring?

[Pazgan] There are several, but I will note only the most important, to which we devoted particular attention in our program. First of all, one should approach economic issues over the long term, in perspective. Operating, as often happens here, under an annual deadline does not permit the realization of strategic objectives, either within a firm or enterprise or in the entire country. Another exceptionally important issue is the fair assessment of economic entities. The basis for that assessment should be specific results of operation—profits, creating new jobs, success in exports. It should not be important whether a firm is large, medium, or small, or state or private. What should count are economic effects, efficiency in operation, serving the entire Polish economy. Associated with that is the period for which laws are in effect. They can change constantly, often in a surprising way. That leads not to development but to destabilization. It is our program, a program of economic self-management, that calls attention to all of

those elements of state administration, whose task, after all, is to stimulate the country's economic development.

[Stolarski] The program also shows the way to go in order to decisively revitalize the Polish economy.

[Pazgan] First of all, we call attention to the need to stimulate demand in the broadest sense of the world. The point here is also production, investment and consumer demand. We see a special role here for exports, whose revitalization should bring favorable results. Another exceptionally important matter is counteracting cost increases. And those increases are affected mainly by constantly rising energy costs, ever higher taxes, and high interest rates. That does not promote economic growth, and that is what our program opposes.

[Stolarski] One of the elements of that program perceived as major by the press is the proposal to devalue the zloty.

[Pazgan] Yes, but that is only one condition for revitalizing the economy. Controlled inflation is used as one of the tools of economic growth. In our program, we also foresee the creation of conditions for growth in income to the European level. Doing away with premiums for above-standard production, dividends, and so forth.

[Stolarski] The program also points to areas where this development is most quickly achievable.

[Pazgan] We believe it is possible first of all in agriculture, in food companies, and in construction. We do not rule out those possibilities in other sectors of the economy. In any case, we should finally depart from the monetary model for the direction of reform and not accept uncritically the advice of Western financial organizations. It is the chamber's program that proposes a change of philosophy in thinking about the Polish economy.

[Stolarski] Thank you for the interview.

#### **\* Industry Output Praised by Statistics Office**

93EP0253F Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 20 Apr 93 p 1

Article by R.A.: "March and First-Quarter Results: Boom in Industry"]

[Text] The boom is continuing in industry. In March, as reported by GUS [Central Office of Statistics], production by industrial enterprises was 6.8 percent higher than in March of last year, in constant prices, with production in manufacturing up 7.5 percent and in mining 0.1 percent.

In the entire first quarter, production was higher than a year ago by 5.4 percent.

Compared to average production in 1990, production this March was lower by 3 percent, which is the best result since January 1991. February was still 15.6 percent below that average. Mining surpassed 1990 average production by 0.5 percent. Manufacturing's March result was 3.1 percent lower than the 1991 average.



But building and assembly companies still show a drop in production. This March, production was 1.9 percent lower than last March (in February the annual drop in production was 1.1 percent), and 2.8 percent lower for the first quarter. Compared to the 1990 average, March production was down by 9.1 percent.

Data on the growth of production includes results from companies employing more than five persons during actual working hours. This March, there were 24 workdays and last March one fewer.

GUS also notes that the costs of industrial production rose from February to March by 1.3 percent. Compared to March of last year, costs were 30.6 percent higher, and up 8 percent over last December.

#### **\* Japanese Monetary Aid To Help Clean Environment**

93EP0253A Warsaw RYNKI ZAGRANICZNE in Polish 20 Apr 93 p 5

Article by (H.J.): "Polish-Japanese Cooperation on Waste Cleanup"]

[Text] The Japanese Government has appropriated \$625,000 to promote a new technology, which has been put into use at the Kaweczyn power plant in Warsaw, for cleaning up exhaust gases. The money will be used to finance visits by Japanese experts to Poland and Polish specialists to Japan, and to buy additional equipment. The deputy director general of the International Atomic Energy Agency (IAEA) in Vienna, Sueo Machi, who is visiting Poland, released this information. The Japanese guest is a specialist in the field of using radiation technology to protect the environment.

For the first time, representatives from the United States, Japan, and Germany met in Poland to assess the technological and economic effects of the new method, which uses electron acceleration to clean sulphur dioxide and nitric oxide from gases. The installation at the Kaweczyn plant was built with funds obtained from the Scientific Research Committee and the Warsaw power plant group, while the IAEA in Vienna provided the accelerators and equipment and the U.S. division of the Ebara company provided the monitoring system; other elements came from the German company Badenwerk.

The technology, using electron streams, has been rated by a U.S. institution—the Electronic Power Research Institute—among the most promising technologies of the turn of the next century. Using it, 80 to 95 percent of sulphur dioxide and nitric oxide are removed, and there are no troublesome residues because the resulting product can be used successfully as an artificial fertilizer.

Four pilot stations are currently operating in the world, including the largest one at the kaweczyn plant. The three others are in Japan: in Nagoi, an installation to scrub gases produced by burning coal; in Tokyo, an installation to

clean exhaust gases from the tunnel under Tokyo Bay; and, in Matsudo City, an installation to scrub gases produced by garbage incineration.

The technology used in Poland is based on a series of original solutions, whose authorship belongs mainly to a group from the Chemistry and Nuclear Technology Institute. The Japanese firm Ebara purchased the institute's patent. In the Polish installation, a cascade excitement of gases using an electron stream was used for the first time, permitting a 20-percent reduction in energy use. International experts have acknowledged that solution as critical in the further development of this technology.

IAEA attaches great importance to implementing the Polish project because it is being used as a model and may be turned over to other countries. The Vienna agency also wants to join as one of three partners in setting up a similar installation at the Pomorzany power plant near Szczecin. Japan is to be another partner and the Polish power industry the third. The Japanese are very interested in our technology. They are concerned mainly about developing the engineering phase and assuring long-term, continuous operation of the equipment.

It is hard to overestimate the significance of the research and development, on an industrial scale, of the technology for removing sulphur dioxide and nitric oxide from exhaust gases because those sour gas contaminants are the reason for the emergence of a phenomenon especially threatening to the environment—the precipitates known as "acid rain."

#### **\* Inaccuracy of Telephone Meters Causes Controversy**

93EP0253E Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 20 Apr 93 p 1

Article by R.A.: "Telecommunications vs. Customers: For Whom the Meter Tolls"]

[Text] "We will demand that the reading on the meter that records the number of impulses, which is installed in a customer's residence, be credible evidence in the event of a dispute between the customer and Polish Telecommunications SA [TP] over the amount of a bill for telephone conversations," RZECZPOSPOLITA learned at the Antimonopoly Office [UA].

There were problems at the start: Not all telecommunications institutions agreed to meters in homes. "There are no official barriers to the installation of individual meters to measure impulses counting telephone conversations in the residences of our customers. That service, called 'teletax,' was introduced in May 1992," says the TP.

But those who spend money on a meter—who knows why?—should not expect that they will be able to rely on it if they receive a bill that puts them in shock. The meter serves only for personal regulation of the number of calls generated by a customer. Counting and recording charges for telephone conversations is carried out at the telephone exchange, and telephone bills are produced only on the

basis of readings from centralized equipment, according to what the TP told UA. The company cites this regulation: "Payable time for the connection period in automated traffic is recorded at the telephone exchange of the TP from the moment the called station answers to the time the calling station disconnects.

The monthly fee for a meter is 15,000 or 30,000 zloty [Z], depending on whether it is linked to the telephone exchange by computer or electromechanically. It may be installed by a specialized firm or by the TP technical services. In both cases, the price of the meter and the cost of installation are negotiated with the telephone's owner. But, if the TP did not install the equipment, the customer is obliged to inform the appropriate telephone company, which verifies that the connection conforms to standards. The customer must pay Z40,000 for that verification,

according to the rate list. Meters in customers' homes must have a certificate of compatibility, issued by the communications minister.

In the opinion of Marek Tadeusiak, UA director general, refusing to acknowledge the reading of a meter in a customer's residence is hiding one's head in the sand. Because the equipment is compatible and the TP accepts payment for its services, it should not pretend to customers that only its equipment shows the correct number of calls. In the event of a discrepancy, both meters should be checked—in the customer's home and at the exchange—in order to determine which is wrong. Something has to give; the meter cannot be just a dubious decoration in the home.

The regulation for performing services that the TP uses was adopted by its predecessor, Polish Post, Telegraph and Telephone. But it should not hit customers' pockets. It has brought many comments to the new UA.



**\* Hungarian Minority MP's Criticize Government Program**

93CH0609E Bratislava UJ SZO in Hungarian 24 Apr 93 p 3

[Excerpts from speeches by ethnic Hungarian representatives in the Slovak parliament's debate on the fulfillment of the government's program; date not given: "Heard in Parliament"]

[Text] *Several Hungarian MP's also spoke in the debate on the report evaluating fulfillment of the Slovak Government's program. Below we present the main points of their speeches.*

**Erno Rozsa (Coexistence)**

"It must be established that the government has failed to carry out all its tasks and resolutions; that the crisis of the economy and society has deepened; that civic society is not developing in the expected direction; that there are signs of dictatorship by a single party; and that we cannot speak of a competitive market economy either."

Regarding the situation of the national minorities, Erno Rozsa established with regret that the pertinent chapters of the Slovak Republic's Constitution merely declare the existence of civil rights, but fail to provide any guarantees of their enforcement; and that in practice they do not guarantee even the fundamental freedoms. The agencies of state administration arbitrarily interpret the legal status of the national minorities and ethnic groups. "It will suffice to mention the Restitution Law, the Land Law, the Transformation Law, the Language Law, the Family Law, the Highways Management Law, the Code of Civil Procedure, etc. Despite all its protestations to the contrary, the Slovak government is unwilling to enter into a dialog with representatives of the Hungarian commonwealth, which only deepens the mistrust; an unnecessary search for enemies is being conducted; and the media even carry irresponsible statements about fifth columns, Henleins, etc. This is a result of the government's failure to take seriously the existence of national minorities and ethnic groups, thereby creating unnecessary tensions."

After comparing the parts of the government program, and of the report evaluating its fulfillment, that deal with the state's organizational structure and the development of democracy, Erno Rozsa established: "Instead of the promised democracy, multiparty system, and the building of a rule-of-law state, we are witnessing rule by a single party, which borders on dictatorship. Instead of social security, there is insecurity, with rising unemployment and ever higher prices. Instead of mutual understanding among the population, hatred is being fomented. Instead of state administration's promised decentralization, power is being centralized. Local governments are not developing, and their functioning is becoming economically impossible. Instead of the declared popular will, the local agencies of state administration are making decisions in the name of the people, and even the results of local referendums are being disregarded. We are witnessing the [ethnic] cleansing of state administration. Membership of the

DMSZ [Movement for a Democratic Slovakia], rather than professional knowledge, is what counts within state administration."

In conjunction with the government program's chapter on policy regarding national minorities, Erno Rozsa pointed out: "In the interest of promoting mutual understanding and strengthening unity, natural human rights must be regarded as immutable in the republic, and it must be realized that peaceful coexistence of the Slovak nation, the Hungarian commonwealth and the ethnic groups is an integral part of European security." Therefore he proposed a constitutional amendment, or the enactment of a constitutional law, to guarantee one's right to develop his or her national, ethnic, linguistic and cultural identity, the freedom to express one's aspirations and to enjoy his or her rights. "The right to a homeland, the right to protect the national and ethnic structure of the locality in which one is living, must be guaranteed. A ban on any activity that leads to assimilation must be entrenched in the Constitution. Without developing a system of institutions for overseeing and exercising the rights of the Hungarian commonwealth, lasting stability cannot be ensured. The point is the enactment of legislation establishing national, regional and local self-governing councils. In the interest of preserving real equal rights, the Hungarian commonwealth's right to decide independently minority educational and cultural matters and in maintaining and fostering relations with the [Slovak] nation, as well as the right to freely use the native language in private life and also in public life in areas inhabited by the Hungarian commonwealth and ethnic groups, must be entrenched in the Constitution." Erno Rozsa concluded: "It must be realized that the funds necessary for exercising minority rights cannot be perceived as the Slovak Republic's gift; the republic has a legal obligation to provide such funds in its budget."

**Pal Csaky (Hungarian Christian Democratic Movement)**

"A new era began as of 1 January 1993, one that would have required a new political style for issuing positive signals, in both domestic and foreign policy. But the government team has remained on the defensive, striking its old tone in dealing with the Czech Republic, certain international organizations, the International Monetary Fund, the Council of Europe and some neighboring countries; and domestically, with the trade unions, journalists, the opposition, ethnic Hungarians, the collectives in health care, education, agriculture and industry, and with entrepreneurs. At times the government team seems unable or unwilling to cooperate with others, or even to conduct a normal dialog with them.

"The economic situation in the Slovak Republic is worsening with each passing week, tensions within society are mounting, but government documents are either unwilling or unable to respond appropriately. Some cabinet members who were concerned did not attend committee meetings when important questions of the day were being considered. The governing Movement [for a Democratic

Slovakia] does not want to recognize into how deep an abyss it has plunged the republic."

The MP went on to point out that, when antidemocratic elements assert themselves in the solution of problems within a party, there is nothing to guarantee that such aspirations will not turn against any member of the given party. "Let it not mislead anyone that the Hungarian coalition is the only one not represented on the parliamentary committee overseeing the SIS (Slovak Information Service). No one should assume that these parties are the only ones against which the SIS might be used. And it is not true that representatives of the Hungarian coalition are casting Slovakia in an unfavorable light abroad. We are merely telling the truth. But what might, for instance, the secretary general of NATO be thinking of Slovakia? He was preparing to receive the [Slovak] foreign minister, but his government did not allow the minister to go to Brussels. Or what might Madame Katrin Lalumiere be thinking? She traveled to Debrecen for the signing of the document on the Carpathian Euroregion, but the Slovak foreign minister did not attend the ceremonies. Were the experts of the IMF really mistaken when they left after a few days of talks, having gained the impression that the talks were not being treated seriously, because the background material they were supplied had nothing to do with the questions that were being considered? No new nation can afford to score such points against itself."

"I agree with the view that, in addition to the pronouncements of certain Slovak politicians, also statements made by representatives of the business community have contributed toward casting Slovakia in an unfavorable light abroad. Capital will not flow to areas that are risky. Stability is a prerequisite for the influx of capital. That is a question of taxes, subsidies, pricing, and export opportunities. The government claims that these conditions are in place, but certain German entrepreneurs are seeing things differently.

"The ruling coalition would be making a fundamental mistake if it failed to realize how deep a crisis we are in, and to recognize that there is no way out of this crisis without changing its political style and entering into a broad dialog. Just as the limping cooperation between the DSZM and the SZNP [Slovak National Party] was not enough to solve the fundamental problems, the seemingly ingenious gamble of cooperation between the DSZM and the DBP [Party of the Democratic Left] will not be enough either. Solution of the problems requires a much broader consensus"

**Pal Farkas (Hungarian Christian Democratic Movement)**

"Last July the government established that it had taken over a declining economy. Regrettably, that decline has deepened during the past nine months. The macroeconomic indicators, and gross output in particular, have been worsening steadily. About two weeks ago, we received a shock when the minister of the economy announced that our foreign exchange reserves have dropped to between 20 and 25 million dollars, from 300 million at the beginning

of the year. Although the vice president of the Slovak national Bank subsequently revised this figure, it has not reassured us. The question of our relationship with the IMF still remains open. The talks broke down. In my opinion, not because the government refused to accept the rigorous conditions set by the IMF, but because our ministers of the economy failed in their efforts to narrow sufficiently, through arguments and patient explanations, the gap between the positions of the two sides, in order to obtain the IMF's letter of intent that would have opened the way for foreign investors and financial institutions."

The MP went on to point out: "The state budget's execution showed a deficit of 1.5 billion korunas by the end of February, and this amount already increased to 8.2 billion korunas by the end of March. Enforcement of the Bankruptcy Law cannot be delayed any longer, because the pledged assets of the loss-making enterprises are inaccessible. The postponement of bankruptcy proceedings merely prolongs the agony of the failing enterprises."

**Edit Bauer (Coexistence)**

"A comprehensive development strategy is lacking, without which it is difficult to formulate effective policies for the individual ministries. The presented evaluation, and especially the updating of the tasks indicate that many important documents have been elaborated. But it must be established that the absence of a comprehensive government strategy affects also the individual ministries' approach.

"Only the entire cabinet and the competent ministries could solve society's urgent problems, such as vocational training. No attempt has been made so far to solve that problem comprehensively, which obviously is a result of inefficient cooperation among the ministries. Without efficient cooperation among them, social policy that is dissipated among individual portfolios can never form an integral and efficiently functioning complex. Therefore it is obvious that we still have a long wait before the degree of social justice in our social policy improves. The mentioned change in the administration of elementary schools is also an indication of the lack of cooperation. According to the part [of the assessment] on streamlining the provision of social services, a proposed amendment to the Law on Local Governments will shift authority to manage elementary schools, but there is no mention of this in the part of the document that deals with education. I could mention also other examples. How will the employment-related services function? While the ministry expects the labor offices to become independent public institutions, the cabinet wants to include these offices among the general agencies of state administration"

In conjunction with the implementation of an active employment policy, the MP mentioned that 1.7 billion korunas that had been allocated in the federal budget for this purpose remained unspent. Obviously, the lack of cooperation among the ministries also played a role in this.

When carrying out the tasks of social policy, the government is pledging to take into consideration the limit of

society's tolerance. Therefore Edit Bauer raised the following question: In view of the fact that personal consumption has declined by 38 percent since 1990, where is the limit of society's tolerance in the government's opinion?

(We will continue our coverage of the debate in Monday's issue of our paper.)

**\* 'Third Way' in Slovak Economy Characterized**  
*93CH0608A Bratislava LITERARNY TYZDENNIK in Slovak 26 Mar 93 p 10*

[Article by Jaroslav Fidrmuc: "Third Way, Slovak-Style"]

[Text] The dark sides of development have been sufficiently demonstrated not only by capitalism but also by so-called real socialism. Hence, the search for other ways—at first socialism with a human face, now rather the opposite: humanized capitalism.

This is essentially a "third way." In the search for it, our country occupies an important place. Basing himself on Pavel Kohout's poetic image, Alexander Dubcek raised "human face" to a fundamental tenet of socialism. A not insignificant role in the search for a third way is being ascribed to the Slovak Republic [SR], now already independent. According to the respected paper FINANCIAL TIMES, Slovakia, in the pursuit of the third way, even enjoys the best prospects among all of the postcommunist countries of eastern Europe. The reasons for this generally shared opinion in the West were eloquently stated by Vaclav Klaus, when he said of Slovakia that, after all, it does have higher economic potential than the other countries of eastern Europe. He did not (naturally) include the Czech Republic [CR] in that comparison because it already counts with the West. Or so they say.

There is truly no need to argue with Klaus about where Slovakia belongs. Or with the view held by some Moravians that eastern Europe begins beyond Veverska Bityska—that is, east of Brno. Geopolitical boundaries are not always precise and sometimes even change. The fact is that Slovakia is indeed ahead of other countries—Romania or Russia, for instance—in searching for a third way. Then, too, Alexander Dubcek's legacy has, from this perspective, a better chance of success than does the legacy of Mikhail Gorbachev.

#### Democracy and the "Third Way"

Discussions on the topic of the "third way" go on. Recently, they were joined by Leszek Balcerowicz, father of the Polish reform, when he unequivocally declared that democracy does not substitute for capitalism. Western countries, as he emphasizes, have not become prosperous because they were democratic but, rather, because they were capitalist. But the history of the 20th century is also a history of searching, first, for a democratic and people-oriented capitalism, later for democratic socialism, and still later for a social-market economy. The last-mentioned search does not go beyond the bounds of a democratic society, especially in economics, because the market, with

its requirements of contractual equality and free competition, is in itself democratic. The issue is only that it should also have a social and ecological orientation.

Everything tends in the direction of seeking a third way, and it is of interest that the concepts developed in the search, from Bernstein's theory on democratizing capitalism to the latest concepts of developing a social market economy, trace their roots to the creative workshop of the Second International or its successor, the Socialist International, to Social Democratic circles and Social Democracy-oriented currents in politics as well as in economics.

But there is yet another very strong current that comes close to the concepts of a "third way," even though it proceeds from rather different ideopolitical positions yet respects the needs of "democratizing" society. Despite great, even fundamental, differences between them, they include the ideas of Keynes and Erhard and, most recently, concepts adopted by the team of the new U.S. President Bill Clinton as a modern representative of the Democratic Party in the United States. They differ in many respects. Against the evils of unrestrained capitalist development oriented toward monopoly, Keynes proposed state intervention in the form of regulation and managed development. The Erhard policy in postwar Germany, on the contrary, promoted healthy market relations, even in a neoliberalist fashion, yet leaving room for necessary socially oriented state regulatory intervention, a policy that later, during the decades of its government, followed the expanded to include an ecological orientation by the German Social Democratic Party. Under its leadership, this policy has crystallized into a comprehensive socially and ecologically oriented market economy. In President Bill Clinton's concept, one sees for now only an incipient crystallization of state intervention of a new type that would give the economy and the entire society badly needed impulses for a new revival and expansion. But similar efforts are being undertaken also in present-day paternalist Japan, in the newly industrialized Asian countries, and, for instance, in Latin America, where they view fostering democratic principles of a "humanized" capitalism as a way to combat hunger, poverty, and social discontent in the developing world.

To understand the needs of democratizing a society of a social-ecological orientation, its advancement and overall humanization of its development from both sides of the political spectrum is not to deny the needs of economic expansion. On the contrary, it is an expression of its needs. A mighty acceleration of economic development occurs mostly as a result of democratization on the ruins of a dictatorship. The postwar development of Germany, the post-Franco development in Spain, and, evidently, the post-Pinochet development in Chile supply eloquent examples. The replacement of Reaganomics by an emerging new Clintonian economic philosophy based on a new quality of state intervention, financed by higher taxes, especially on the wealthy, and, on the other hand, replacement of the so-called real socialism by a democratic process of transforming the economy into a socially and

ecologically oriented market economy of the former post-socialist countries are thus the dominant directions of development.

Balcerowicz is wrong when he denies the interconnection between democracy and society's wealth. Becoming wealthy by undemocratic means is possible only temporarily and under constant threat. Genuine and lasting wealth, a society of plenty, as it is called by the U.S. Democrat and liberal J.K. Galbraith, can emerge only through the democratic process, if only because that alone is the way to utilize the abilities and initiative of all.

A third way, in this sense, has its profound justification for the future—perhaps not in its pure form as a system that is neither capitalism nor socialism but more likely as a “humanized” capitalism, or perhaps a “humanized” socialism. The road toward this goal is a democratization of capitalism and a program of democratic socialism. In its latest conception, those currents from both sides combine into a single program of social market economy, which the SR, too, has affirmed categorically.

#### Specific Features of Slovakia's Third Way

For a successful start along the third way, Slovakia enjoys several specific conditions. One, mentioned earlier, is a relatively advanced economy in comparison with the other postsocialist countries striving for similar development. Aside from that, there are advantages specifically recognized by the West, including Klaus, with his pro-Western and procapitalist orientation. As is emphasized by the last chairman of the CSFR Federal Statistical Office—the Slovak Ivan Suján—in the first stage of economic transformation, the Czech and the Slovak economies have thus far been the most successful of all of the postsocialist countries. According to this author, the achievement of independence has however pushed Slovakia to a third place in the group of economies undergoing transformation, behind the CR and Hungary. But, among the countries that have unequivocally chosen the specific road of a social market economy, Slovakia remains in first place—also in its successful management of economic transformation, despite a certain stagnation in the period since the June 1992 elections.

Another advantage enjoyed by Slovakia (frequently cited not only in this context) is its geographical position on the boundaries of East and West. True, modern history has disabused many countries of illusions about taking an independent course, which was also forcefully demonstrated by the fate of Prague Spring and Dubček's socialism with a human face. But it is precisely on the borderlines of world systems that, under certain conditions, it is possible to choose one's own specific way of development? Here one might cite the example of neutral Switzerland.

However, aside from the advantages mentioned above, Slovakia faces barriers that must not be overlooked. The biggest among them is a catastrophic shortage of the means to fund socially and ecologically oriented development. The problems plaguing the 1993 SR Government budget

were most eloquent testimony to what shortage of funds Slovakia is up against when the requirement of a balanced budget (by the International Monetary Fund, to obtain urgently needed loans—also from the CR, to which Slovakia is still closely tied by special agreements) could be satisfied only by camouflage—that is, failing to include over 30 billion of necessary expenditures for insurance, which has now already translated into difficulties with the payment of even the most basic social benefits—family allowances, the SVP [Federal Water Management Plan], and the like. Yet, still greater is the critical shortage of convertible currencies to purchase needed raw materials, drugs, and so on. The shortage of insulin, antibiotics, and other drugs represents only the proverbial tip of this iceberg. In 1992, when the anticipated CR export surplus was 11.5 billion korunas [Kcs], Slovakia, according to the balance sheet of gross national product creation and utilization, was supposed to achieve an anticipated Kcs5.8 billion, but with the trade balance in deficit. With very low imports of foreign capital and insufficient foreign loans amounting to tens of millions of ECU's [European Currency Units], where billions would be needed, the balance of payments in the near future can be in surplus for only a short period of time.

However, on its road to a social market economy and a third way of development, Slovakia will have to surmount still other serious obstacles. Those include a lack of democratic traditions. More than a thousand years of unfreedom, including in the first CR, where, although part of a democratic republic, Slovakia nevertheless had the character of only an internal half-colony, have left behind a sorry legacy of an almost complete absence of democratic and specifically social democratic traditions. It is precisely the lack of democratic traditions that makes for a low political culture, some of the current expressions of which would be unthinkable in mature democratic countries. What is more, given the lack of democratic traditions, the role of the “shining example” from the past falls to the so-called Slovak State, including its profascist tendencies, even though it is denied recognition over and again even in treaties with Germany. It inspires a continuation of nationalist and authoritarian tendencies, which take the place of the missing democratic traditions. Making a fetish of the “successes” of the Slovak State forms another serious barrier to a democratic application of Slovakia's third way.

Whether it will be the advantages or the drawbacks on Slovakia's path to a social market economy, as also to a responsible character of the entire community, will be decided by the degree in which it becomes permeated by the principal social democratic features of development. Quite a number of political parties have them built into their programs. Aside from the Social Democratic Party of Slovakia, which alone is a member party of the Socialist International (the CR's Social Democratic Party has only observer status in the Socialist International), an actual social democratic program has been propounded by the Movement for a Democratic Slovakia, the Party of the Democratic Left, and it is hardly a secret that the social democratic current has found its place in the Slovak

Independence Party. In the Christian parties of Slovakia, there is a current of Christian socialists at work. True, in many of these parties, there exist at the same time strong nationalist and authoritarian currents. Now everything will depend on which currents ultimately gain the decisive preponderance. Here the SR unquestionably has a great chance of building up not only a social market economy but also a social democratic society as a result of its specific road of development. But it also faces great danger of Balkanization. The Austrians' familiar quote (ascribed to the Austrian chancellor Metternich) that "The Balkans begin in Vienna" has a special bitter flavor in regard to Bratislava and the whole of Slovakia.

#### **Basic Features of the Slovak Road to a Social Market Economy**

The social-democratic character of the program of Slovakia's development, and specifically of those in charge of its realization, led initially to emphasis on expanding employee ownership. It led also to emphasizing coupon privatization, but one divested of "grandiose scams and robberies of the century," particularly in connection with the activities of investment funds and their ability to deceive individual holders of investment coupons—for instance, by getting themselves empowered to occupy decisive positions in the entire privatized economy, using the money of naive citizens.

But the critical shortage of funds led, even before Slovakia's gaining independence, to a corrective adjustment of those plans. It raised the significance of standard methods of privatization, including preferential treatment of foreign capital, as truly the only factor capable of revivifying the Slovak economy. Given the lack of democratic traditions and the erratic democratization of capital by employee sharing, offers of employee sharing ran up against lack of interest as well as payment inability, even as the prices of shares were reduced for employees. But the state needed and does need to sell enterprises at the highest possible price. In this situation, coupon privatization appears possible and desirable (specifically in the second wave of privatization) only as a supplementary measure—essentially where it will prove impossible to find solvent interested parties, especially from abroad. The proposal for a so-called set-aside privatization, in which the government would retain under its control investment coupons or shares for those not purchased and thus continue having a decisive voice on investment and dividend distribution, ran up against a general lack of interest because it would mean preservation of the inefficient state decisionmaking in regard to investment, as well as distribution of profits from the economy.

It is evident that, within the framework of an overall advance of social market economy in Slovakia, that kind of correction to the privatization process cannot be regarded as final. It would ultimately mean a profound deformation of the entire program. But it may stand as a temporary concession to present-day needs because, in future steps, it will be necessary to also return to a program of broad

expansion of employee-share ownership and coupon privatization, divested of its known deformations. True, in the process of a fundamental change in ownership relations, which privatization is, one cannot change the policy from one day to another and steer it once to the right and then to the left. The changes in ownership relations now taking place are not for years but rather for decades ahead. If, for instance, foreign capital is offered still greater advantages than in the CR (whose leaders make no secret of their distinctly procapitalist orientation, even in a relatively pure form of momentarism aimed in the opposite direction at doing away with state intervention and regulation), it will be rather difficult to contemplate Slovakia's advance toward a social market economy and a third way of development. That applies also to a supplementary program of coupon privatization in its second wave in Slovakia, as distinct from its wide extension in the CR.

Here, too, the reality of developments is making its long-term mark. For instance, despite the promised preferences, even as compared with the CR, foreign capital is not coming to Slovakia not only because of the poorly prepared ground for entrepreneurial activity (including infrastructures), but also because here it is much more concerned about an unfavorable sociopolitical environment and even a potential reversal of the political situation. Of major concern in this regard is Slovakia's lack of financial stability, or a gradual breakdown of this stability and the imminent threat of devaluation of the Slovak koruna, even though, after the currency separation from the Czech koruna, the market rate of the Slovak koruna is approximately 2.8 times lower when measured against the real purchasing power of the Slovak koruna. Similar to the foreign-economic and foreign-political East-West orientation, Slovakia is facing two alternatives: Either it will manage restoration of a financial, economic, and political stability within the framework of its transition to a market economy in its social and ecological orientation, or it will have the stability restored by means of reintroducing administrative controls.

Slovakia's specific road to a social market economy and a society corresponding to it thus reveals a certain tragicomic aspect, given to some extent by Slovakia's geopolitical situation on the intersection between East and West and also of the Balkans, and the influence of Poland. Slovakia is embarking on a procapitalist path, in some respects even more prominently than the CR, but, at the same time, moving toward residual state controls and central direction of the economy, toward the ethnic conflicts of the Balkans and also the marasmus of Poland's post-Solidarity struggles and Lech Walesa's authoritarian tendencies. Yet the opportunities for a specific third way are still here for Slovakia, despite their vastly contradictory and bumpy character.

#### **\* Measures Against Tax Evasion Drafted**

93CH0611A Bratislava PRAVDA in Slovak 21 Apr 93  
pp 1-2

[Interview with Anna Stavinova, of the Slovak Ministry of Finance, by Jana Smidova; place and date not given: "Tax Evaders Will Get Their Hands Slapped"]



[Text] *The state budget showed a substantial deficit in the first quarter. Some steps will therefore have to be taken to improve the discipline in this area. We discussed them with Engineer Anna Stavínova, director of the section for tax and customs policy of the Slovak Ministry of Finance.*

[Smidova] Why were the revenues of the state budget lower, although the economy was growing at almost the same level as last year?

[Stavínova] The new tax system had something to do with it, but the main problem was tax and customs duty evasion. Until recently the border between the Slovak Republic and the Czech Republic was not agreed upon. So people were crossing the border without being checked, and freight in uninspected trucks was being falsely declared. This involved mostly alcohol, tobacco and cigarettes, and to a lesser degree fuels and lubricants for vehicles. The revenues from the new taxes, as is indicated by preliminary analyses, are lower. The revenues from payments of the value-added tax for the first quarter were 8.7 percent, from the excise tax 10.9 percent, the income tax of legal entities 1.7 percent, and personal income tax 1.7 percent of the planned yearly amount.

[Smidova] What steps will you take against the tax evaders?

[Stavínova] We are making an analysis of why the revenues of the state budget are not met. We shall submit it to the government and to the Economic and Budget Committee of the National Council of the Slovak Republic. Tax offices are preparing a detailed list of tax evaders who owe more than 1 million korunas. And at the same time we are drafting measures aimed at preventing tax and customs duty evasion.

[Smidova] What will their substance be?

[Stavínova] We proposed measures in the area of legislation as well as tax and customs administration. Many laws will be amended, even those which are not within the province of our department, such as, the Penal Code. We are proposing to increase penalties for tax evasion. Those who shirk their duty to pay taxes could receive as much as a 12-month sentence. We proposed measures in the area of the agricultural-food processing complex on granting subsidies, because subsidies are not being used the way they should be. We are also recommending that the amendment of the Trade Law should include prostitution with the requirement to submit a health certificate, and the provision to take away a trade license if the obligation to pay taxes and custom duties to the Slovak Republic is not met.

[Smidova] Those measures are in the jurisdiction of other agencies. What will change with regard to the jurisdiction of your ministry?

[Stavínova] We are preparing a public notice on mandatory use of cash registers. It means that receipts in small shops will be recorded so that the tax official will be able to

check them on the inside tape. We are drafting an amendment of the law on operating fees. One of the proposals concerns payment of a yearly flat fee of 100,000 korunas for operating a pinball machine and 200,000 for operating a slot machine. We are proposing an amendment to the Customs Law of the Slovak Republic which would create a Bureau of Investigation within the customs administration. Customs officers will not turn over cases of customs violations to criminal prosecution agencies, but will investigate such cases by themselves. The violation will thus be processed much faster. Similar bureaus are generally used in other countries, and we shall cooperate with them.

[Smidova] Are you also making some recommendations to the Slovak National Bank?

[Stavínova] We recommended that the amendment to the law on banks make it mandatory for all financial institutions to report the opening of every new customer account to the appropriate tax offices. This is a response to the so-called suitcase payments, where the statement of account for various payments is low but in the suitcase there is tenfold the sum of money. We also proposed to limit cash payments to legal entities and natural persons to 10,000 korunas.

[Smidova] At present, entrepreneurs are multiplying like rabbits. But after a while it turns out that they are swindlers. Can something be done about it?

[Stavínova] We drafted a recommendation for the prosecutor general to stipulate in the draft law on criminal records that a criminal record transcript must be submitted with an application for a trade license. It would serve to determine whether the applicant has a clean record. Our tax officials are bound by secrecy so that nobody would ever find out what was in the record. But he did not accept our recommendation.

[Smidova] Trucks allegedly sometimes cross the border between the Czech and Slovak Republics without being cleared by customs. This results in a great loss of tax revenue. What are you doing about it?

[Stavínova] True, trucks have been crossing without being cleared through customs, because the agreement on border crossing with customs checkpoints was signed only at the end of the first quarter. Now we already have 15 legalized border crossings with customs checkpoints and four railway crossings. We may be building common customs stations with the Czech Republic. We have a customs zone 25 km from the border where we can inspect trucks. Our entrepreneurs are demanding a nonstop border crossing. We agree with creating it, but if they break the law on customs duty, they could even lose their trade licenses.

[Smidova] You drafted quite a lot of measures. When will they go into effect?

[Stavínova] We shall submit the amendments to the appropriate laws at the end of May. Then it will be up to the parliament how quickly they will be put into practice. We believe it will be at the beginning of the third quarter.

### Croat-Muslim War Undermining Vance-Owen Plan

93BA1009B Belgrade VREME in Serbo-Croatian 3 May 93 pp 16-17

[Article by F.S.: "Muslim-Croat War"]

[Text] Not long after the Bosnian Muslims signed the agreement on the maps but Dr. Karadzic refused to sign the same document at the negotiations in New York, serious clashes broke out in central Bosnia between units of the HVO [Croatian Defense Council] and the B-H [Bosnia-Herzegovina] Army. Although relations between the now former allies were already far from ideal (especially after the fighting in Donji Vakuf), few people could have anticipated that past disagreements would experience their armed crescendo at a time when the long-awaited foreign military intervention in B-H had become a reality. Unlike the Bosnian Croats, who with their good supply of arms and abundant sponsorship from the Republic of Croatia have more or less fixed their mutual borders with the Serb side, the B-H Army is obviously on the defensive and, as acknowledged by its commander, Sefer Halilovic, is incapable, without outside help, of getting back significant parts of its lost territory. Accordingly, it is clear that both the Croats and the Muslims can only benefit from military intervention: By forcing the Bosnian Serbs to accept the Vance-Owen plan, the Croat side actually legitimizes the 28 percent of the territory assigned to it, while for the Muslims intervention is their only possible salvation, given the situation on the battlefield. The basic precondition for intervention to come about is a minimum level of cooperation and an alliance between those two sides.

But the opposite has occurred: A total Croat-Muslim war has broken out in central Bosnia. Regardless of Croat expansionism, which has been undisguised for some time now, or rather regardless of the denial in practice of B-H as a unified state on the part of Mate Boban and his top men from Grude, it is hardly likely that the Bosnian Muslims can fight the HVO without major problems, given the situation in which they find themselves. One should not forget that all aid in terms of arms and military equipment comes from Croatia, and that there are also around 400,000 Muslim refugees there. At present, the Croat and Muslim sides are blaming each other for the attacks and hostilities around Travnik, Kiseljak, Busovaca, and for violations of the cease-fire, while members of UNPROFOR [UN Protection Force] are bearing witness to war crimes that both sides have committed against the civilian population. So what is going on here?

The positions of Mate Boban on the future state structure of B-H are much closer to the positions of Dr. Karadzic than to those of Alija Izetbegovic. The Serb and Croat sides are united in their refusal to accept any unified state, whereby the latter, for reasons exclusively linked to foreign policy, have not been excessively vocal in publicly manifesting their goals. The authorities in Sarajevo are aware of this, but are completely powerless to do anything. Still, military intervention, no matter how limited, would

unquestionably strengthen the Bosnian Muslims: They would be significantly less dependent on Zagreb, would be able to establish effective authority in the disputed Travnik province, and would take possession of the arms and ammunition factory there, while the B-H Army, in cooperation with the international community, could save a bare minimum of a unified B-H. Clearly, this does not suit Dr. Karadzic, but nor does it suit Mate Boban: The leaders of the Croat Community of Herzeg-Bosnia probably figured that the time had come to realize their maximalist goals, and they then decided to present the authorities in Sarajevo with a fait accompli while there was still time. After HVO units take complete control of central Bosnia, the Muslim side, even with military intervention, will not be able to resist Croat expansionism, because its vital material and human resources will be gone. It can be assumed that this is exactly what motivated the heads of the B-H Army to resist, regardless of the consequences. One of the stakes that they have in the game is the possibility that the United Nations will declare Croatia an aggressor if the fighting does not stop in the foreseeable future, with a return to the previous situation. It is hard to say how realistic this is after the Croat side completely adopted the Serb version of the war in B-H, as a civil and religious war. In the meantime, the international community is completely confused, because it is increasingly unclear who is against whom and why they are at war, so that it is entirely possible that the final peace will be dictated by artillery and occupied territory, and if that happens, regardless of how the Vance-Owen plan is implemented, it will truly never stand a chance of becoming a reality.

### Serb Silence on Crimes Against Muslims Deplored

93BA1028D Belgrade POLITIKA in Serbo-Croatian 13 May 93 p 10

[Article by R. Rankovic: "Demand by Fund for Humanitarian Law: Disclose Facts About Passengers Taken From Train"]

[Text] State institutions are making slow progress in the investigation; reports from Banja Luka are most often based on circumstantial evidence.

A third mosque has been torn down in Banja Luka, on the night of 10 and 11 May. In the village of Vrbanja, unidentified vandals blew up yet another Muslim place of worship. This information was received yesterday by the Fund for Humanitarian Law in Belgrade directly from the "field."

Since last November, when it was founded, the Fund has been gathering information on war crimes and human rights. According to Natasa Kandic, people, especially from Banja Luka, call every day and write letters asking for help. She also sees family members of the people who were kidnapped from the Bar train two months ago—because state institutions are making slow progress in the investigation, to put it mildly.



"Our reports from Banja Luka are most often based on circumstantial evidence (unlike others, for which precise reasoning is provided), because people from the Fund cannot go to Banja Luka. When we requested permission to go to that city, Miroslav Toholj, the minister of information for the Serb Republic [of Bosnia-Herzegovina] refused, saying that it is his right to 'suspend the freedom' of others, which comes from the practice by which he is 'head policeman, censor, and executor,'" says Natasa Kandic.

The latest report prepared by the Fund discusses the difficult position of Muslims in Banja Luka, comparing events in that city with those already witnessed in Trebinje. According to the data, around 5,000 people fled Banja Luka during three months of last year (April, May, and June), including a large number of Serbs who were fleeing possible mobilization. It is estimated that 20,000 people left over a nine-month period.

Another report, "The Case of Muslims in Serbia and Montenegro," discusses several incidents that have happened this year and last year. The case of the abduction of Muslims from the Bukovica region is dealt with, while the

greatest amount of space is devoted to the abduction of a group of passengers from the Bar train on 27 February of this year. In addition to testimony from a certain S.A. concerning the events on the train, information is presented indicating that "Milan Lukic, the commander of a Serb paramilitary formation from Bosnia" was detained in connection with the abduction. "The same sources allege that he was held for two days, but that he was released because his soldiers threatened to blow up the Belgrade-Bar railroad line," the report says.

"Especially troubling is the fact that the Montenegrin authorities and the public in Serbia and Montenegro are ignoring the crimes committed by members of the Bosnian Serb armed forces when they entered, unhindered, the territory of another state and took old people, women, and underage children hostage. The Fund for Humanitarian Law demands that the authorities in Serbia and Montenegro disclose to the families of the abducted people and to the public the facts concerning the arrest and release of Milan Lukic, the leader of a paramilitary group from Bosnia, and concerning the fact of the Sjeverin Muslims and passengers from train 671," the report concludes.

**Controversy Surrounding Krajina Dinars**

93BA1000F Belgrade BORBA in Serbo-Croatian 21 Apr 93 p 9

[Article by B. Petrovic: "Contested Krajina Dinars"]

[Text] Evidentiary procedure in the case of the key officials of the Settlement Agency who have been arrested began yesterday with the interrogation of the first witnesses. Nebojsa Simeunovic, the investigating judge, questioned four of the scheduled six witnesses. From what we have learned, summons were served on Dragan Bjedok and Mirko Sinobad, directors of Krajina firms, but they most probably did not arrive because of the present severing of transportation connections with Krajina.

The investigation will have its hands full in the entire case. Under what conditions was the Krajina dinar at the disposition of the New Belgrade Settlement Agency? Did any of the beneficiaries hurt Krajina firms like Dinarka? It is also unclear, if interest is first returned under the law on contractual relations, whether certain borrowers like Borivoje Radosavljevic are in debt precisely because of interest?

Yesterday's testimony of Suzana Joksimovic, chief of the Auditing Department of the New Belgrade Settlement Agency, revealed that Astro Orion Holding repaid the interest on funds it borrowed from the Settlement Agency. It is felt that Joksimovic refuted some of the assertions made in the criminal indictment.

Danilo Jovanovic of Geneks testified concerning the amount of 1.8 million dinars loaned to the Settlement Agency. According to him, the SDK [Social Accounting Service] did not receive money from certain firms in Cuprija. Stojan Delic, director of the Settlement Agency, asked him for a loan. The money was later repaid to Geneks.

It is assumed that 2.5 billion dinars in credit were taken from the Settlement Agency over the period between August and September. Beomaks, ABC Belgrade, General Eksport, Mic, Ekofin of Sarajevo, and Astro Orion Holding are mentioned as borrowers. It is thought that

some of these firms were not paying interest for use of funds from the Settlement Agency. According to what was said by some of the defense attorneys of the suspects, the entire case has been set up wrong, because under the law on contractual relations, interest is repaid first, and the principal only afterward. Borivoje Radosavljevic is for that reason still in custody, but, we have learned unofficially, he has paid 250 million dinars in interest. Radosavljevic took 669 million dinars in credit from the Settlement Agency.

Dinarka of Krajina and the Krajina Social Insurance Fund are thought to be among the firms which have been hurt, because their money was used to make the loans. We have learned unofficially that none of these firms is lodging any kind of claim against its debtors. From what we have learned, the accounts of Knin firms are nonresistant (nerezistentni). We have learned unofficially that these seven firms took loans from the SDK for periods from five to 15 days. Interest rates on them were set at the rate of the rise of retail prices. In the opinion of Milija Milovanovic, deputy district public prosecutor, interest rates amounted to 4-6 percent per day. These calculations led to the realization that the firms are seeking 532 million dinars from the SDK.

We have learned unofficially that Stojan Delic, the director, who has been arrested, has been employed as the authorized representative of Krajina money in Belgrade. A year ago, our sources say, he was appointed special adviser of the Finance Ministry in the Krajina government. There were two possibilities concerning Krajina money. The first is that it be placed in commercial banks on the basis of Delic's authorization, and then in the course of further turnover it would increase by the amount of the interest. If Delic declined further lending, the money would be kept in the vault of the National Bank of Serbia. The automobiles in dispute which are attributed to Delic and Mirjana Puzigaca, chief of the Settlement Department, as a bribe have been made available for their use so that Delic could handle business for Krajina.

Borivoje Radosavljevic is charged with having profited from the account of unrepaid interest. BORBA's sources say differently. Astro Orion Holding sent to Krajina humanitarian aid consisting of 16 fax machines, photocopiers, and several trucks of food.

## Federal

### Indictments Against Military Officers Viewed

AU2505133393 Belgrade BORBA in Serbo-Croatian 20 May 93 p 10

[Article by Borislav Solesa: "Shaken Military Leadership"]

[Text] The protagonists and witnesses of counterintelligence operations such as Opera, Labrador, Channel, and many others have shaken the top echelons of the Yugoslav Army by revealing only part of the secrets they are familiar with. Those who had been prosecuted on very serious charges in the Opera case early this year have become prosecutors themselves.

Colonel Slobodan Rakocevic, officially the first man in the Opera group (which was formed as a counterweight in the Croatian propaganda war, according to statements by the majority of witnesses), is now on the move. Apart from Rakocevic, there are also Radenko Radojcic and Ivan Sabolovic, together with two retired generals—Zivan Mircetic and Vojislav Radovic. They have brought charges against Branko Kostic, former state president, Bozidar Stevanovic, the current commander in chief of the Air Force and Air Defense Forces, and recently retired General Nedeljko Boskovic. The charges are also very serious this time, referring to secret arrangements and behind-the-scenes manipulation.

We should allow ourselves to be reminded of a few things. The formal chief of the Opera group, according to the hierarchy, should have been the then head of the Counterintelligence Service [KOS], or rather the Security Service, namely General Aleksandar Vasiljevic. However, he denied any responsibility for Opera or the Stit [shield] operation, during which Colonel Vladimir Jagar made a film about General Martin Spegelj's subversion against the Yugoslav People's Army [JNA]. According to Vasiljevic, the Opera was a completely independent operation, while in Stit it was Veljko Kadijevic, then federal secretary for national defense, who let them down—he was too reluctant to arrest Spegelj.

The investigation gradually collected evidence. Under circumstances seen only in the cinema, Slavko Malobabic and Radencic, who was in disguise, were arrested—the former in Kotor Varos, and the latter in the Belgrade Army Hall. At the same time the Presidency of the SFRY, headed by Kostic, pensioned off 40 or so generals, among them also Adzic, then chief of the General Staff, and Vasiljevic.

All that was at the time presented like an introduction to the transformation and reorganization of the conservative JNA, shaped according to the concept of "Brotherhood and Unity."

This was not the end of the story, because just after those events, Vasiljevic's place as head of KOS was taken by Boskovic, who was taken back out of retirement for the purpose and also promoted to general. It seemed that the purge was beginning to assume its final shape, but it was

not. No serious evidence could be found against the protagonists of the Opera during the trial, while Zivota Panic, chief of the General Staff of the Yugoslav Army, realizing that the trial was exposing many secrets that were not supposed to be made public for many years to come, criticized this legal process.

The members of the Opera, as well as their lawyers, condemned the trial as a political setup, openly claiming that Boskovic was behind all that. When Boskovic was recently pensioned off in the same package with General Ljubomir Domazetovic, deputy chief of the General Staff, because of "army needs," rumors about a purge with an iron broom started to circulate.

The performance of Radical Party leader Vojislav Seselj in Loznica, in which he accused General Panic's family of corruption, starting with son Goran, who does business with the Yugoslav Army, was understood as a helping hand given by this influential politician to the ousted generals. Some say that Seselj has laid his cards on the table, and exposed the ousted generals as clandestine Radical Party supporters.

Even this view does not make everything completely clear, because that would label as Radicals Rakocevic (a Yugoslav from a mixed marriage), Colonel Sabolovic (Croat), Radojcic (born out of a Jewish-Montenegrin marriage), and even Generals Mircetic and Radovic, who have not been mentioned in any similar context before. Be that as it may, the General Staff of the Yugoslav Army itself (not the Information Service, but the high command!) rejected Seselj, saying that he is directly destroying the national unity of the Serbs, and that he has lost the ability to employ common sense.

The whole situation looks like a fierce army and political struggle.

## Serbia

### Belgrade Public Auditing Service Affair Detailed

93BA1009A Belgrade POLITIKA in Serbo-Croatian 29 Apr 93 p 11

[Article by Ivan Stojkovic: "Novi Beograd Public Auditing Service Affair: Everything Based on Verbal Agreements"]

[Text] Mirko Konjikusic, the assistant director of the Novi Beograd SDK [Public Auditing Service], says that the Serbian Government was aware of these transactions; two witnesses from the RSK [republic of Serbian Krajina] were questioned: Dragan Bjedov, the director of "Dinarka," and Mirko Sinobad of the RSK Insurance Institute.

New witnesses were heard yesterday at the Belgrade Okrug Court in connection with the "Novi Beograd SDK affair." Examining magistrate Nebojsa Simeunovic questioned Dragan Bjedov, the director of the company "Dinarka" from the republic of Serbian Krajina, Mirko Sinobad of the RSK Health Insurance Institute, Jovan Milosevic of the company "Agrouniverzal," and two other witnesses

from the Novi Beograd SDK. Journalists at the Palace of Justice also recognized Bosko Bozanic of the government of the republic of Serbian Krajina outside the room where the witnesses were being questioned.

Suspected in the SDK affair are Stojan Delic, the director of the Novi Beograd SDK, Mirjana Puzigaca, the head of the trade payments department of that service, and Borivoje Radosavljevic, the director of the private firm "Astro-orion." It is surmised that these three suspects committed the criminal act of abusing their official positions. According to unofficial information, Mirjana Puzigaca was arrested on the well-founded suspicion that she signed internal orders and transferred money from the account of one firm, which had funds at the given moment, to the account of another. We have learned unofficially that she said that she did this based on the verbal instructions of her director, who once said in front of the entire department that she could sign all orders when he was not there. The company that was to receive the funds in this way was supposed to return them with interest. It is suspected that in the case of "Astro-orion" the interest was not paid, and a figure of 532 million dinars is mentioned.

It is suspected that in this case funds from the Krajinan firm "Dinarka" were transferred to "Astro-orion." The funds in question, we have learned, were located in a nonresident account because, as is known, there was no uniform system for trade payments between the FRY and the republic of Serbian Krajina. Thus, there should have been Krajinan dinars in the account in question. However, "Astro-orion" could get only Yugoslav dinars. The question arises: How is it possible for a firm from war-torn and impoverished Krajina to finance a firm in Serbia? "Astro-orion" sent 18 fax machines, several tractor trailer truckloads of food, and other aid to the borderland as humanitarian aid.

Does this case actually involve humanitarian aid or a specific type of clearing? For example, the goods are sent to Krajina, and in return the SDK executes a payment to "Astro-orion" from the account in question, but in Yugoslav dinars. Does this really mean that the state, using funds from prime issue and printing money at Topcider, paid firms, by way of the Novi Beograd SDK, that sent "humanitarian aid" to Krajina? If this is true, it means that the state itself is increasing and stimulating inflation in the FRY and "pumping up the black-market exchange rate," thus putting all its citizens in an unenviable position by making their wages worthless. In addition, the parity between the Krajinan and Yugoslav dinars is one to one.

Mirko Konjikusic, the assistant to Novi Beograd SDK director Stojan Delic, told journalists that the Novi Beograd SDK is the founder of the same services in the Serb republic [of Bosnia-Herzegovina] and in the republic of Serbian Krajina. He gave particular emphasis to Delic's role in this business. He asserts that loans to "Astro-orion," for example, were not treated as loans; rather, this was a special type of clearing payment. There were Krajinan dinars in the account in question, Konjikusic says. Delic's assistant emphasized that our dinars were taken secretly into the republic of Serbian Krajina.

"Two of our cars were riddled with bullet holes. Stojan Delic was in the car both times. We also moved the money by helicopter," Konjikusic said.

On one occasion, there were as many as four metric tons of dinars in the helicopter. Delic's assistant says that all the transactions in question were "based on verbal agreements." According to Konjikusic, the parties aware of these transactions included the Serbian governments of Stanko Radmilovic, Radoslav Zelenovic, Radoman Bozovic, and even Nikola Sainovic. All the deals involved with establishing trade payments between the FRY on the one hand and the RSK and RS [Serb republic of Bosnia-Herzegovina] were transacted with the approval of the Serbian government. Konjikusic also confirmed to journalists that Delic was a special advisor to the Ministry of Finance of the RSK.

"Because of communication difficulties, we were unable to check up on what was happening in our account. We always had correct relations with Delic, and he did a great deal in terms of cooperation with the Krajina SDK. We benefited greatly from this cooperation," Dragan Bjedov, the director of the Krajinan firm "Dinarka" told journalists yesterday.

According to Mirko Sinobad, the Krajinans loaned money for the short term, five to six days, and the funds, he noted, were returned with interest. He also confirmed that "Astro-orion" and "Agrouniverzal" helped Krajina. He says that Krajina's Health Insurance Institute procured certain quantities of medicine by way of the transactions in question.

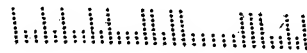
In the transaction with "Dinarka," it has been learned, funds were returned with interest, amounting to 70 million dinars. In addition, Sinobad says, money was returned to the Insurance Institute, also with interest totaling 550 million dinars.

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